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Daily Report

East Asia

FBIS-EAS-94-156
Friday
12 August 1994

Daily Report
East Asia

FBIS-EAS-94-156 CONTENTS *12 August 1994*

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Pacific Nations Join Forces To Protect Resources

BK1208043094 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 18 Aug 94 p 52

[Article by Rowan Callick in Brisbane: "United We Stand"]

[Text] To Asian logging firms and trawling fleets, the islands of the Pacific have long provided rich pickings. Tired of this exploitation by powerful neighbours, the islanders are now fighting back. Meeting in Brisbane, Australia, their leaders pledged on August 2 to take united action to protect their forests and fisheries and to develop their tourism industries.

The unified front gives the region's main political body, the South Pacific Forum, a new economic focus after 23 years of increasingly drifting debate. Under the new approach, the Forum's 15 members (which include Australia and New Zealand) will jointly develop codes to control access to their forests and seas and provide for sustained development.

Much of the impetus for the concerted effort came from the Australian hosts, whose prime minister, Paul Keating, chaired the meeting. Keating said the group would confront leading predators—among which are Malaysian logging firms and Japanese and South Korean fishing fleets—over their "environmental piracy."

"Unscrupulous [timber] companies not only pay inadequate rates of return but also carry out logging practices that would not be tolerated in a developed forestry culture," he declared. And large foreign fishing companies don't behave any better, he claimed.

Keating and the prime minister of the Solomon Islands, Francis Hilly, announced a radical debt-for-nature swap whereby Australia will pay A$2 million (US$1.5 million) to halt logging in the area of the Marovo Lagoon. The lagoon, in the western Solomons, is one of the Pacific's most scenic and holds considerable tourism potential. The Solomons' timber exports, mostly controlled by Malaysian companies, amounted to US$156 million in 1993, or 60% of the country's total exports.

The Solomon Islands Government has already sought to suspend the timber licence of Silvania Products, a wholly owned subsidiary of Malaysian company Kumpulan Emas. This move, however, isn't directly related to the deal with Canberra. Hilly said Kumpulan Emas had violated its licence by "carrying out illegal forestry practices," a charge he didn't elaborate. Kumpulan Emas declined to comment on the issue until after company executives returned from discussions with Solomons officials.

The Forum's other timber producers—Australia, New Zealand, Fiji, Papua New Guinea and Vanuatu—agreed to monitor log exports more closely to reduce false claims as to the size or grade of shipments. A report commissioned by Canberra and presented at the meeting estimated that some Pacific island nations are losing half their potential national income through unchecked logging exports.

Although logging and fishing and prices of both commodities have increased dramatically over the last decade, the islands' economies have remained stagnant. The nations blame this partly on poor management of their resources and partly on foreign cheating. They allege that foreign firms under-report their timber hauls or sea catches to avoid paying higher taxes.

In 1993, the islands' combined income from fishing was a measly A$50 million—on a recorded catch of A$1.5 billion. Because of widespread poaching, the actual catch was probably far greater.

Under its new multilateral approach, the Forum plans to negotiate regional access agreements with fishing nations that will replace the current system of ad hoc pacts. Only the U.S. currently has a regional treaty, paying US$18 million a year for five years from June 1993. Forum members, which together control an area of 20.1 million square kilometres, will also define catch limits and devise joint monitoring schemes to discourage poaching.

To boost its tourism revenues, the group also hopes to reorganise the 11 island airlines, which together lost A$100 million in 1993. It also wants to develop a management plan for fragile coastal zones.

Summing up the mood, Keating said at the Forum's close: "There is a willingness to grasp the nettle on big problems."

Japan

USTR Kantor Interviewed on Framework Talks

OW1208110394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Aug 94 Evening Edition p 2

[By JIJI PRESS]

[Text] Washington, 10 Aug—U.S. Trade Representative [USTR] Kantor disclosed on 10 August that he will hold talks with International Trade and Industry Minister Hashimoto and Foreign Minister Kono when quadrilateral trade talks are held in Los Angels next month. At the same time, on the issue of the deadlocked Japan- U.S. Economic Framework Talks, he said: "I think somewhat progress can be made," thus showing an optimistic view on breaking the impasse in the talks through ministerial negotiations. He made the remarks in an interview with JIJI PRESS and other news agencies.

He also said: "I know that both Japan and the United States are irritated at the deadlocked talks." But, he said: "The United States is not discouraged. Since the trade framework negotiations are an approach made by Japan and the United States, we have to earnestly continue to work on this." In this way, he indicated his intention to conclude the talks.

Meanwhile, however, he stressed that Japan's concessive approach is also necessary, saying: "Japan is obligated to settle the issues (including market opening) in cooperation with the United States." As for talks on government procurement—which has been put on a sanctions list by the United States—he said: "We have to reach an agreement on objective criteria and it is necessary to make sure the talks' purpose of 'considerably increasing market access by foreign products which have competitive power' will be achieved."

Regarding the Super 301 provision of Omnibus Trade Act, which the United States will decide in late September whether or not to apply to Japan, Kantor officially admitted that studies on the possibility of imposing sanctions has begun within the government in order to give recommendations to the President. He did not, however, elaborate on what trade areas could be the subject of the recommendation.

Trade Surplus With U.S. Increases 20 Percent

OW1208090794 Tokyo KYODO in English 0843 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Japan's merchandise trade surplus rose 4.0 percent in July from a year earlier with the politically sensitive trade balance with the United States posting a yearly 20 percent gain, the Ministry said Friday [12 August]. July trade surplus with the U.S. reached 5.63 billion dollars marking the second largest monthly figure following the 5.68 billion dollars recorded in September 1993. Despite a downward trend on the yen basis, an approximate 9 percent jump in the yen's value against the dollar in the currency market swelled the figure on a dollar basis, a ministry official said.

The customs-cleared trade surplus in July came to 12.30 billion dollars, with exports up 6.9 percent to 34.44 billion dollars and imports up 8.5 percent to 22.15 billion dollars, the ministry said in a preliminary report. Although Tokyo-based economists forecast a slight dip in Japan's July trade balance, the surplus increased unexpectedly. The size of the trade surplus was the biggest for July and the fifth largest ever for one month, the official said.

While saying the growth of the surplus has declined, the official was cautious about future trends, which he said will depend on movements in foreign exchange rates and developments of crude oil prices.

The July yen-based trade surplus fell 4.5 percent from a year before after a rebound in June, with exports down 1.7 percent and imports down 0.1 percent. In volume terms, exports edged down 0.5 percent from a year before after a 6.2 percent rise in June, while imports gained 8.1 percent, marking the 15th consecutive month of yearly increases.

The politically sensitive surplus with the U.S. increased in July from a year earlier for the fifth straight month, up 20 percent to 5.63 billion dollars. The official attributed the rise to increasing exports of microchips, automobiles and engines to the U.S.

The trade balance with Asian nations rose 13.7 percent to 6.28 billion dollars, marking the second straight month of yearly gains, while that with the European union fell for seven months in a row, down 7.4 percent to 1.86 billion dollars. In July, the dollar averaged 99.51 yen for exports, down 8.7 percent from 108.21 yen in the same month a year earlier.

Yoichi Nakagawa, assistant manager of economic research at the bank of Tokyo, said the so-called "J-curve" effect of the yen's appreciation has been gradually emerging, noting exports valued in dollars did not decrease but in volume terms they dipped. Nakagawa said that although it is said exports peaked in terms of volume, their 0.5 percent fall in July was minor.

Considering economic growth in the U.S. and Asian nations held down the decline in Japan's exports and the current sluggish economy in Europe contributed to the dip, economic recovery overseas may boost the volume of exports in the future, Nakagawa said. Meanwhile, the growth of imports in volume terms was smaller than expected, he said, voicing doubt whether their upward trend will continue.

Congressmen's Call To Impose Sanctions Viewed

OW1208134894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Aug 94 Morning Edition p 5

[Text] In response to the recent act of 88 U.S. legislators sending a letter to President Clinton asking him to apply the Super 301 Provision of the Omnibus Trade Act (sanction measures against unfair trading partners) if satisfactory results are not obtained in trade talks on automobiles and auto-parts, the Foreign Ministry [MOFA] and Ministry of International Trade and Industry [MITI] said: "It is unreasonable to name automobile and auto-part trade as the subject of sanctions because talks on the auto area are under way," thus refuting the U.S. Congressmen's contention. There are voices expressing concern that such a move will have an impact on the talks because "the U.S. Congress is applying pressure on the Clinton government in the face of an off-year election in the fall" (according to MITI).

In the letter, the Congressmen stress Japanese-affiliated auto makers in the United States should increase the purchase of auto parts from U.S. parts makers by 10 to 30 percent every year. In this connection, MITI said: "It is utterly unacceptable" because Japan and the United States have agreed not to set numerical targets as objective criteria.

However, it is true "the letter proved Congress still has a strong interest in trade talks on the auto issue" (according to MOFA). Negotiations on the auto issue are scheduled to resume as early as this month. But, it appears the negotiations will face rough going because the possibility of concessions by the Clinton government, which is under pressure from Congress, is small.

ITC Ruling Said To Be 'Difficult To Understand'

OW1108051394 Tokyo KYODO in English 0439 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—The Japanese steel industry on Thursday [11 August] dismissed the latest U.S. ruling that upheld a dumping charge filed against their products.

Nippon Steel Corp. described the International Trade Commission's [ITC] preliminary ruling Wednesday that found its oil-country tubular goods were dumped in the U.S. market as "difficult to understand."

Most of U.S.-bound oil-country tubular goods are high-grade products and no U.S. steelmakers are manufacturing such products, Nippon Steel said.

Sumitomo Metal Industries Ltd. said the ITC ruling is clearly an "abuse of the dumping system."

The ITC said there is "reasonable indication" that the U.S. steel industry is materially injured by alleged dumping of oil-country tubular goods imported from Argentina, Austria, Italy, South Korea, Mexico, Spain and Japan.

Budget Cuts for U.S. Forces Opposed by Commander

OW1108042294 Tokyo MAINICHI SHIMBUN in Japanese 10 Aug 94 Morning Edition p 3

[Text] On 9 August, Admiral Richard Macke, commander of U.S. Forces in the Pacific, met with Tokuichiro Tamazawa, Japanese Defense Agency [DA] director general, at the DA building. With regard to the question of Japan's shouldering outlay to maintain the U.S. Forces stationed in Japan, Macke urged the prevention of cuts in the budget outlay for FY 1995, saying the Japanese Government's funds "are important for the U.S. Forces to maintain its forward deployment in Asia."

Tamazawa answered: "We will do our best. I understand the importance of the U.S. Forces but coordination takes time."

Macke also met with Yohei Kono, deputy prime minister and foreign minister. Concerning the question of Japan's bearing the outlay to maintain U.S. Forces stationed in Japan, Kono told Macke: "In light of Japan's stand of firmly maintaining the Japan-U.S. security system, I think Japan should take commensurate action."

Tariffs for ROK, Taiwan Products To Be Cut

OW1208145194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Aug 94 Morning Edition p 1

[Text] The Ministry of International Trade and Industry [MITI] has decided to stop applying preferential tariffs to some of South Korea's and Taiwan's industrial products from 1996, and it has started studying which specific products should be excluded from receiving preferential treatment. Steel products and petrochemical products are among those being studied.

The industrialized nations are now assisting developing nations in their efforts to boost exports by lowering or not imposing import duties on those countries' products, but MITI has come to believe that it does not need to apply preferential tariffs to products which have become internationally competitive. Because the products to be excluded from the preferential tariff treatment are expected to become less competitive as a result of this action, it is possible that the two countries will protest against this. This measure is also likely to have an adverse impact on the management strategy of the Japanese manufacturers that have recently been increasing their procurement from these two countries.

Japan first introduced the preferential tariff system in 1971 for a period of 10 years, and it has extended it twice since then. It has also since revised the Tentative Measure Law on Tariff Duties to "permit under government regulations the exclusion from preferential tariff advantages of specific products from specific countries." However, out of political considerations for developing countries, this clause has never been put into effect.

The background to the policy change toward the partial abolition of preferential tariffs for the ROK and Taiwan is the fact that the quality of the industrial products of South Korea and Taiwan has improved and has become internationally competitive. While Japan's regular tariff duties on steel products and petrochemical products are about 4 and 5 percent, respectively, the duties applied on these two countries are currently zero under the preferential tariff system. Also, these countries have been able to increase their exports of these products to Japan recently, being bolstered by their price competitiveness.

The proportion of imports out of the total common steel products bought in Japan in 1993 was a little over 8 percent, with more than half of these coming from the ROK. Now the Mitsubishi Motors Corporation is moving toward using ROK-made steel sheets, and the Japan Iron and Steel Federation has complained that "it is absurd to give preferential tariff treatment to products which are competitive." Taiwan, whose per capita GNP exceeds $10,000 per year, enjoys economic power comparable to that of industrialized nations, and some of its industrial goods such as steel products are becoming as competitive as those of South Korea.

Japan's continuation of preferential tariffs for these countries could bring international complaints that Japan is practicing "reverse discrimination." In the course of the GATT's Uruguay Round of talks which were concluded last year, Canada complained to Japan, "Our country's chemical products cannot enter Japan's markets because Japan is giving preferential tariff treatment to countries which do not need them." [By abolishing this preferential treatment] the government wants also to improve the fairness and transparency of its markets.

South Korea is now getting ready to join the industrialized nations' OECD club in 1996. MITI will ask for the views of the Customs Tariff Council (an advisory panel to the finance minister) on the matter and then will revise the government's regulations so that the preferential tariffs for South Korea and Taiwan can be abolished beginning in 1996. This will come as good news for Japan's manufacturers, which are suffering from the export offensives of Asian countries, but it will have adverse effects on the Japanese companies that have been increasing their procurement of products from the ROK and other countries.

The United States stopped its preferential tariff treatment of South Korea, Singapore, Taiwan, and Hong Kong in 1989. Japan, however, has huge trade surpluses with Taiwan and South Korea. It is possible that these two countries will rebel against this action.

MITI To Promote Sales of Imported Houses

OW1208131494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Aug 94 Evening Edition p 2

[Text] The Ministry of International Trade and Industry [MITI] plans to launch a campaign this fall with foreign governments to promote the sales of imported houses. MITI will propose that foreign governments, including the U.S. and New Zealand Governments, hold meetings to include briefings on imported houses in Japan. It plans to bear part of the expenses for the meeting places through the Japan External Trade Organization (Jetro) and to invite local public bodies and other organizations to participate in the meetings. Because there is a growing mood in local governments which favors utilizing imported houses, MITI intends to promote the spread of imported houses by increasing such opportunities for providing information.

It has been virtually decided that the Canadian Government will host a meeting on imported houses in Tokyo in October. Experts will be invited to the meeting to provide information on such matters as the price and usefulness of imported houses. MITI will cooperate with the Canadian Government by calling on local government officials in charge of housing development and other officials to participate in the meeting.

Taking this opportunity, MITI will urge other foreign governments, including those of the United States, Australia, New Zealand, Sweden, and Denmark, to hold similar meetings.

There are moves afoot among municipalities across the country to use cheap imported housing as a measure to revitalize local areas. For instance, Izumizaki village in Fukushima Prefecture has built a hotel in the Izumizaki Country Park—which has amusement facilities—by using imported housing materials.

UN Envoy Urges Tokyo To Send Peacekeepers

OW1108062394 Tokyo KYODO in English 0553 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—Yasushi Akashi, the United Nations' special representative to former Yugoslavia, has urged Japan to join U.N. Peacekeeping operations in Macedonia, officials of opposition party Komeito [Clean Government Party] said Thursday [11 August].

The officials said Akashi expressed the expectation in a meeting Wednesday with a group of four Komeito Diet members, who were visiting Zagreb in former Yugoslavia.

Akashi told the Komeito group that even under the present law Japan would be able to send peacekeepers to Macedonia.

On Japan's bid to become a permanent member of the U.N. Security Council, Akashi noted the importance of Tokyo's proposing its vision on what it can do for U.N.-led peacekeeping operations.

Akashi also urged Japan to set up facilities to train peacekepeers and store materials for peacekeeping operations, the officials said.

Murayama: UN Involvement Limited to Nonmilitary

OW1208035494 Tokyo KYODO in English 0336 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Prime Minister Tomiichi Murayama vowed Friday [12 August] to limit

Japan's contributions to international peacekeeping operations to nonmilitary roles even if Tokyo is given permanent membership on the U.N. Security Council.

"Japan should not allow its Constitution to be undermined even if it becomes a permanent member of the Security Council," the premier told reporters at his official residence.

"Japan's contributions (to the international community) should be done without overstepping the scope (of actions) authorized by the Constitution," he said.

Murayama was apparently referring to Article 9 of the Constitution that bars Japan from using or threatening to use force to resolve international conflicts.

The premier confirmed that the leaders of three parties of the ruling coalition decided Thursday night to stick to the policy of limiting Japan's contributions to international peacekeeping to nonmilitary roles.

Kono is expected to reiterate the policy when he addresses a U.N. General Assembly session in September.

However, Murayama remained noncommittal in response to a reporter's question as to whether or not Japan is ready to lose the chance of obtaining a permanent seat on the Security Council by refusing to send peacekeepers to strife-torn areas.

"I am not sure about that point," he said when pressed to clarify his thoughts on the matter.

Murayama added he is not sure what arguments are underway at the United Nations on Japan's stance of not providing military personnel to combat-ridden zones.

Earlier in the day, a defense advisory panel to the prime minister submitted a report calling for, among other things, the lifting of a freeze on japan's participation in U.N. Peacekeeping Forces.

Murayama said he thinks the report as a whole took into account his intentions on defense policy but stopped short of endorsing it, saying the report was commissioned by an earlier coalition government led by Morihiro Hosokawa.

The premier said he would like to use the report as reference material in discussing japan's future defense policy, suggesting his government would not be bound by recommendations in the report.

Murayama's Social Democratic Party [of Japan] opposes any japanese combat role in U.N. peacekeeping operations.

Kono: Call for UN Involvement 'Only' Suggestion'

OW1208070594 Tokyo KYODO in English 0639 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Foreign minister Yohei Kono said Friday [12 August] a call by an official advisory group to end the freeze on Japan's participation in U.N. Peacekeeping Forces, is "only a suggestion."

The government would take responsibility for any decision to involve the Self-Defense Forces in U.N. peacekeeping activities, Kono told reporters after a cabinet meeting.

The recommendation to end the freeze is included in a report given to Prime Minister Tomiichi Murayama on Friday by the nine- member advisory group on defense issues, originally set up by former prime minister Morihiro Hosokawa.

The report calls for increased security cooperation with the United Nations.

Tokyo To Clarify Nonmilitary Contributions

OW1108142594 Tokyo KYODO in English 1415 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—Japan will make it clear at the UN General Assembly meeting in September that its international contributions will be limited to nonmilitary fields, Foreign Minister Yohei Kono said Thursday [11 August].

Kono, who is scheduled to address the meeting at the UN headquarters in New York late September, conveyed his intention at a meeting with Prime Minister Tomiichi Murayama and Finance Minister Masayoshi Takemura, well-informed sources said. In the meeting, Kono said he will tell the U.N. Meeting that Japan's international contributions will be restricted to nonmilitary areas because of the country's constitution even if Japan joins the Security Council's permanent member states, they said. Murayama and Takemura agreed with Kono on the issue, they said.

The war-renouncing constitution prohibits Japan from using military force to settle international disputes. But foreign countries have called for Japan to further contribute to a wide range of UN peacekeeping activities.

Kono was quoted as telling the President of the UN General Assembly, Samuel Insanally, in Tokyo last month that the Japanese Government wants to be cautious in considering participation in such activities. Although a public consensus on Japan's participation in peacekeeping activities is gradually being created, the government wants to seek further public understanding because Japan "made a mistake half a century ago" and so some people are very cautious about the problem, Kono was quoted as saying.

Tokyo To Extend Food Aid Worth 6.65 Billion Yen

OW1208085194 Tokyo KYODO in English 0830 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Japan will provide food aid worth 6.65 billion yen to African nations, Afghanistan and the former Yugoslavia, a government official said Friday [12 August].

The food aid will be extended under the World Food Program, a Rome-based UN organization that provides food aid to nations faced with starvation, it said. The food aid consists of 2.35 billion yen worth of food to Liberia, Sudan, Somalia and Rwanda, and 1.5 billion yen worth each to Afghanistan and the former Yugoslavia, the ministry said.

It said the food assistance will be in the form of U.S. wheat and Thai rice. The United Nations has asked member countries to provide assistance to help refugees in these areas, which are said to be some 6 million in Africa, 3.3 million in Afghanistan and 4.26 million in former Yugoslavia.

Mitsubishi's Netherlands Car Ahead of Schedule

942A0559A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 8 Aug 94 p 9

[Text] Mitsubishi Motors will move up initiation of joint production of passenger cars in the Netherlands with Volvo by three months. Initially, production was to have begun in August 1995, but a formal decision has been made to change the date to May. The profitability of vehicles exported to Europe has been adversely affected by the strong yen and earlier production of vehicles in Europe will enhance Mitsubishi's competitiveness in that market. Maximum production of 200,000 vehicles a year will be reached in 1997. Mazda Motor is in the process of negotiating production of small passenger cars at Ford Motor Company's British subsidiary, at which time all five Japanese leading carmakers will have production facilities in Europe.

Netherlands Car (capitalized at 550.95 million guilders; a joint venture of Mitsubishi Motors Group, Sweden's Volvo, and the Netherlands Government with each owning equal shares) had been scheduled to begin production in August 1995, but has moved that date up to May. Shipments will begin in August 1995, three months earlier than originally scheduled. The foremost reason for the decision was the worsening profitability picture for Mitsubishi because of the rising value of the yen. Vehicles are normally produced in four stages prior to beginning production, but this will be reduced to three stages and the transition time leading to actual production will be reduced.

Production will include 1600- and 2000-cc four-door sedans and five-door hatchbacks. The chassis to serve as the platform will be developed by Mitsubishi and the bodies will be developed separately by Volvo and Mitsubishi. In 1997, each firm will produce 100,000 units to be sold by their individual sales networks throughout Europe. Mitsubishi Motors is considering sales of the vehicles in the United States and in Asia, but does not contemplate imports into Japan.

Mitsubishi Motors will supply all gasoline engines from Japan, while some diesel engines will be purchased from France's Renault, with which Volvo has discontinued a joint venture relationship. Consideration is also being given to augmenting the supply of diesel engines with shipments from Japan in order to increase production of diesel-powered cars because of their popularity in Europe.

Toyota Motor, Nissan Motor, and Honda Motor have production centers in Europe, and Mazda is currently negotiating with Ford Motor to contract for production of cars at the British plant of Ford of Europe (Germany), as a means of offsetting the impact of the strong yen. When those negotiations are completed, Mazda, Mitsubishi's Netherlands joint venture, and the presence of the other three makers will result in the representation of all five major Japanese makers as both producers and suppliers of motor vehicles in Europe.

Mobile Phone Network in Asia To Be Streamlined

OW1108054694 Tokyo NIHON KEIZAI in Japanese 10 Aug 94 Morning Edition p 5

[Text] The Ministry of Posts and Telecommunications [MPT] has decided to ask Asian countries to cooperate with Japan in forming a common technical infrastructure for mobile communications using radio waves. This month the PTM will establish an "office for the promotion of multimedia mobile communications" to provide information to countries concerned with this project, and to hold seminars. While the cable communications infrastructure is capable of transiting a large quantity of information, it is expensive and time consuming to maintain. To supplement the PTM-proposed Asian Information Infrastructure (AII) concept, which is mainly composed of optical fiber networks, the PTM states that cooperation in the radio wave sector is necessary.

The promotion office will be established under the PTM's Telecommunications Bureau. First, it will deal with introducing the Japanese portable handy phone system (HPS) overseas because many Asian countries are planning to introduce the next-generation cellular phone system. The PTM will call on Singapore, which is likely to decide on its cellular phone system by the end of this year, as well as Malaysia and other nations, to adopt the Japanese system. The ministry also intends to deal with standardizing the technology of portable information terminals, which is expected to be widely used in the future.

The PTM believes that if it promotes the formation of a technical infrastructure, other countries' telecommunications infrastructures will improve and information exchanges with Japan will be facilitated. In addition, the market for switchboards to be used in the common infrastructure will expand. Although a drop in the cellular phones market in Japan is expected, Hong Kong has already decided to introduce the Japanese PHS as early as next summer, and a market expansion is expected.

More Than 2,600 Deregulation Requests Received

OW1208130394 Tokyo KYODO in English 1248 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—The government has received about 2,600 requests concerning deregulation from the public, the Management and Coordination Agency said Friday [12 August].

The agency said in a report that a total of 5,747 requests were mailed or faxed to the agency in response to the agency's call last year for public opinion on deregulation. Excluding redundant requests and those unrelated to state regulations, the total figure came to 2,613 requests, the agency said. "We want to reflect public opinion in administration and at the same time hope the people will understand why some regulations should stay in place," an agency official said.

According to the report, the largest number of requests, at 401, concern regulations under the jurisdiction of the construction ministry, followed by 390 related to the Transport Ministry and 387 to the Ministry of Health and Welfare. The building standard law was the most frequently cited regulation, with 144 requests for revision, and the pharmaceutical affairs law was the second most unpopular law, with 87 requests for revision.

Government agencies have decided to consider implementing 370 of the 2,613 requests, while the others were with regard to regulations that have already been eased, are in the process, or are difficult to change. The Ministry of Justice is considering a request urging simplification of procedures required to switch the ownership of ships, which currently maintains that documents be submitted to the Justice Ministry and the Transport Ministry.

Government's Deregulatory Package Evaluated

OW1108043294 Tokyo ASAHI SHIMBUN in Japanese 9 Aug 94 Morning Edition p 11

[Text] The government decided on a package of deregulatory measures at a cabinet meeting in early August. The Federation of Economic Organizations of Japan [Keidanren; President Shoichiro Toyoda], which had asked the government to incorporate 196 deregulatory measures in the package, has evaluated how many of the 196 deregulatory measures are incorporated in the package. As a result of the evaluation, the Keidanren has found that of the 196 deregulatory measures, 98 are incorporated, 14 are partially incorporated and 84 are not incorporated in the package. About half of the Keidanren-requested 196 deregulatory measures are included in the package. The Keidanren is saying: "We will continue to ask the government to incorporate some of our 196 deregulatory measures that the government excluded from the package. We intend to monitor whether the government will actually put into effect our deregulatory measures that the it incorporated or partially incorporated in the package."

According to the results of the evaluation, the government incorporated 15 deregulatory steps of the Keidanren-requested 20 concerning housing and land, 24 of the Keidanren-requested 33 deregulatory steps concerning information and communications, 23 of the Keidanren-requested 33 deregulatory steps concerning distribution, 17 of the Keidanren-requested 33 deregulatory steps concerning physical distribution [butsuryu], and 19 of the Keidanren-requested 56 deregulatory steps concerning commerce.

The Keidanren highly rates the government's plan to study the possibility of shifting to a tender system from the current licence system for the allotment of radio wave frequencies, saying, "The shift will make the system more transparent." At present, the proprietor of a store that sells milk, ice cream, fish, meat and other groceries is required to obtain individual business licenses on those many groceries. Commenting on the government's plan to simply procedures for the business licenses, the Keidanren expects that the procedures, if simplified, would increase the freedom of business in Japan. The Keidanren expects that the deregulatory steps in housing and the review of the current guidance system on housing development will "hold down the prices of housing."

The government partially incorporated the Keidanren-requested 14 deregulatory measures. In response to the Keidanren's call for a phased-repeal of the Large-Scale Store Law, the government has said, "The law will be reviewed in the medium term." The Keidanren has asked the government to introduce a competitive principle for access to and withdrawal from type-one communications businesses [daiishu tsushin jigyo]. In response, the government has made it clear that it will deal with the question of introducing the competitive principle on the basis of future applicant estimates.

As one of the Keidanren-requested deregulatory steps, the Keidanren has maintained: "The total weight tonnage truck that can be driven with an ordinary driving licence should be increased, because a growing number of enterprises are equipping their trucks with cranes to cut back on the labor of loading and unloading." But the government refused to incorporate the deregulatory step in the package. The Keidanren is poised to urge the government to put the deregulatory step into effect in the future.

FTC Panel Urges Deregulation in Freight Business

OW1108083394 Tokyo KYODO in English 0810 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—A study panel of the Fair Trade Commission [FTC] called Thursday [11

August] for easing rules and regulations for cargo transportation sectors to enhance competition and thus serve the interest of consumers.

The panel put forth the proposal in a report on a comprehensive review of Japan's domestic freight business, which it compiled at the request of the antitrust watchdog body.

The domestic freight industry does not face direct competition from foreign businesses because it is protected under a web of government regulations that limit competition, a situation blocking new business entry and creating overall economic inefficiency in the industry, the report said. It itemized what it views as restrictive government rules and prescriptions for each problem on a sector-by- sector basis—trucking, marine transportation and loading at ports.

For trucking, the report proposed abolishing a minimum truck ownership rule that requires a prospective business entrant to own a certain amount of trucks to start a business. Under the rule, those who plan to start a trucking business in Tokyo, for example, must have at least 15 vehicles. The panel described the rule as stripping Japan's trucking business of the possibility of service diversification.

It also said a restriction on business areas should be scrapped in the trucking business. At present, truck operators are prohibited from transporting cargo between two points if both are outside the licensed areas. This means an operator licensed in Tokyo, after carrying cargo from Tokyo to Osaka, cannot stop in Nagoya to unload cargo picked up in Osaka on its way back to Tokyo. The rule only contributes to shrinking the scope of trucking activity, the report said.

On shipping, the panel proposed eliminating a rule hampering new ship construction. Under the "scrap-and-build" system, any shipping operator planning to purchase new ships must dismantle an equal number of existing ships.

The rule, intended to adjust Japan's overall amount of ships for marine transportation at certain levels, makes new business entry difficult, the panel said. The panel also called for an immediate abolition of a price cartel which is allowed in the shipping industry as an exception to the antimonopoly law.

MOF Move To Increase Consumption Tax

942A0406A Tokyo SHUKAN GENDAI in Japanese 11 Jun 94 pp 46-49

[Unattributed article: "Block the '15-Percent Consumption Tax' Scheme Contrived by Administrative Vice Minister for Finance Jiro Saito! 'Freeze on Raising Public Service Charges' Was Dog and Pony Show 'Written and Performed' by Finance Ministry 'Itself'"]

[Text] *On the same day that Keidanren [Federation of Ecnomic Organizations] Chairman Takeshi Nagano attended public hearings on expressway tolls, Administrative Vice Minister Jiro Saito of Ministry of Finance brazenly confronted him with financial trial calculations of which the bottom line is: "the revenue shortfall in FY2000 government finances cannot be covered by a 7-percent consumption tax." After all, this powerful vice minister of finance is thinking only of calmly dipping his hand into the people's purse.*

A "Reckless Vice Minister" Who Calmly Cheats People

On 24 May Chairman Takeshi Nagano of Keidanren attended a Japan Highway Public Corporation "public hearing" on raising expressway tolls. For about 10 minutes he stated a view opposed to raising the tolls.

In advance of that, the Hata government quickly decided to "freeze untill the end of this year" increases in public service charges. Because the public hearing took place before the "impact" of that decision had abated, the mass media came in droves and there was a big reaction. Chairman Nagano was suddenly placed on a pedestal as if an ally of the common people and standard bearer for preventing increases in public service charges.

But, far from being elated, Chairman Nagano and Nikkeiren [Federation of Employers' Association] are said to be perplexed.

A Nikkeiren executive says:

"Originally one half of the deputy chairmen opposed attending the public hearing. Chairman Nagano overcame the opposition and forced himself to attend it. Now, he is being told: see, we told you so."

Chairman Nagano himself is also not clear.

"The reaction was bigger than I expected. It is true that I feel a bit perplexed. I am being reminded by those close to me to be prudent in speech and behavior. There are also people who explain to me that there are all sorts of complicated hidden circumstances. Since my character is such that I do not like to pry into things, I will just openly bring up questions in a dignified manner."

As Chairman Nagano has been stating for some time, casting a contemptuous glance at private-sector companies that grapple desperately with restructuring, an attitude that calmly tries to pass the bill for the deficit on to the public by increasing in public service charges is absolutely not to be allowed. Chairman Nagano's straightforward action, trying to voice an objection at the public hearing where his statements remain officially as a record, is something which should be praised, not condemn.

But when one is dealing with Kasumigaseki, and the Ministry of Finance in particular, even this resolute step is skillfully seized in a reverse grip, the gist of what he states is twisted around, and it ends up being guided as bureaucrats wish.

The editor of the economic desk of a national newspaper says:

"Nagano's appearance at the public hearing was exploited brilliantly by Jiro Saito (administrative vice minister for finance) and Prime Minister Hata. I mean as a well-formed strategic move to prepare for increasing the rate of the consumption tax, for which some prospect had to be created prior to the July Naples Summit, that is, at the end of June. No sooner had Nagano voiced an objection to public service charges than Vice Minister Saito, who had kept a low profile until then, moved nimbly and began to make preparations here and there in rapid succession."

Chief Cabinet Secretary Kumagai boasts that "Prime Minister Hata resolved to do it, showing great valor," and the freeze on public service fees till the end of 1994 was announced on 18 May. The bureaucrats of Kasumigaseki uniformly exhibited great surprise.

As for Vice Minister Saito, at a press conference on the following day, the 19th, he said with a disappointed expression: "Last night, I found out for the first time by a report released by a wire service and could not believe my eyes. After seeing what some evening editions had written, I finally knew it was true. Freezing all increases in public service charges uniformly is something I cannot consent to."

But it was a dog and pony show from start to finish.

It is said that Vice Minister Saito told those close to him: "Because of this, finally there is a prospect of moving toward '7 percent' at the end of June." Furthermore, it is even said that this 7-percent rate for the consumption tax is strictly nothing more than the "start" toward a long-term large increase.

"In the final analysis, this time's freeze on charge-increases was only done because of the immediate logic of Nagata-cho and Kasumigaseki. It is not a matter of the people's livelihood and so on; it is the simple technical argument that, for the sake of passing a bill on the tax system reform, public service charges should not be increased now. It is probable that even the Prime Minister Hata, who continues to be spoken of as a minority govrnment and a short-lived government, wanted to display a posture of fighting against an increase in public service charges by any means partly in order not to be seen by the public as being led by bureaucrats," (Ushio Shioda, a nonfiction writer who is familiar with Kasumigaseki trends).

Details will be given below, but what is being talked about secretly among the Ministry of Finance's Budget Bureau, Tax Bureau, and alumni is a plan called the "government finance plan for the year 2000," which is predicated on a consumption tax rate of 15 percent. The groundwork has also begun, not only with the coalition governing parties but also with part of the Liberal Democratic Party [LDP] and Social Democratic Party of Japan [SDPJ], and it has reached the point where the figure of "15 percent" was also heard from the mouth of a member of the Government Committee on the Tax System.

Vice Minister Saito, who had been in a fix because the February "plan for a national welfare tax" collapsed and suffered an all-out attack as being bureaucrat presumptuousness, "moved" on the night of 11 May, the day that Chairman Nagano announced that he would attend the public hearing.

After announcing his intention to attend the hearing, Chairman Nagano visited Prime Minister Hata at his official residence and gave notice that: "At this time, when private sector companies are having great diffuculty because of the long recession, I am resolutely opposed to an increase in public service charges that would hinder business recovery. They should be frozen for two years."

Prime Minister Hata quickly summoned Takeshi Fujii, chief of the Cabinet Counselors' Office on Internal Affairs, and consulted him on how to deal with it. Without doubt, Office Chief Fujii immediately informed Vice Minister Saito of Nagano's move and asked for instructions.

Office Chief Fujii is said to be a leading player of the Finance Ministry's Budget Bureau and is very close to Administrative Vice Minister Jiro Saito. At the start of the coalition government, Fujii was placed in the prime minister's official residence as an adviser to the Hosokawa government at the request of Shinseito Secretary General Ichiro Ozawa.

After meeting with bureau-chief class officials of the Economic Planning Agency, which is in charge of price measures, on the 13th, Office Chief Fujii also consulted with Tsutomu Tanaka, administrative vice minister of the Economic Planning Agency.

Prime Minister "Won Over" in 30 Minutes

Meanwhile, on the following night, the 14th, Prime Minister Hata instructed Chief Cabinet Secretary Kumagai to study "a two-year freeze on public service charges." The content of the instructions at that point was about the same as Chairman Nagano's proposal.

"Vice Minister Saito was sounded out through Office Chief Fujii about this plan for a two-year freeze. But the plan was rejected flatly by the vice minister. Hata, who was in a very difficult fix, gave notice that he wanted to negotiate with the Ministry of Finance, directly, not through the Cabinet Counselors' Office on Internal Affairs. Thereupon, Vice Minister Saito finally sent executives to the prime minister. That was on the night before the announcement of the freeze," (a national newspaper reporter who covers the Ministry of Finance).

The meeting between Prime Minister Hata and the Finance Ministry executives was held at about 2130 hours on 17 May. It was held, not at the official residence of the prime minister but in his office at official living quarters. Three persons called on him—adashi Ogawa, chief of Tax Bureau; Takeshi Komura, director of Secretariat; and Hiroyasu Watanabe, chief of the Coordination Division of the Tax Bureau. Surprisingly enough, this was the first time since the launching of the government that executive members of the Ministry of Finance openly visited Prime Minister Hata.

"The meeting was ended after a mere 30 minutes. A freeze untill the end of 1994 was suggested on the spot by the Ministry of Finance side, and Hata had to accept it. And it is said that an explanation was given concerning the agenda for increasing the tax rate to 7 percent. In spite of the fact that the chief of the Tax Bureau was paying his first courtesy visit, and in addition to that, it was an important matter related to raising public service charges, short work was made of the explanation," (previously mentioned reporter who covers the Ministry of Finance).

Because it was this occasion, Prime Minister Hata seems to have intended to receive a thorough briefing, but with things like this, he has no execuse even if he is criticized not being dealt with honestly by bureaucrats of the Ministry of Finance, his "old haunt," where he once served as minister. The reporters, who were keeping watch at the official residence, also say there was even a feeling of disappointment.

The next day, after announcing the freeze on increases in public service charges, when Prime Minister Hata was asked the gist of his meeting with executives of the Ministry of Finance, he only said: "Well, in the future I will have to receive all kinds of help from them in reform of the tax system..." He did not try to speak in detail concerning the meeting of the previous night.

During this time Vice Minister Saito made no direct contact whatsoever with Prime Minister Hata; he only sent out instructions behind the scenes. He kept the prime minister, who was dying to announce the freeze on increase as his performance directed toward the public, in suspense, and finally tossed him the scrap of a token "freeze until the end of 1994." The "freeze untill the end of this year," applies to all those public service charges which were scheduled to rise after October; therefore, it only delayed it a mere two months.

Another reporter who covers the Ministry of Finance says:

"After being severely criticized and coming under concentrated fire because of the February plan for a welfare tax, Saito was boasting: 'I am not going to do anything for a while. I am going to make politicians and the mass media appreciate anew that if I do not move, the country does not move.' Hata was probably awakened to his own situation because Vice Minister Saito, who kept such watch over Prime Minister Hosokawa and guided him hand and foot, would do nothing for Hata. By not doing anything, Saito manipulated Hata as he pleased."

Meanwhile, the scheme of Ministry of Finance to increase the rate of the consumption tax advanced at high speed.

The greatest example is a material called "Outlook for Japan's Government Finance," which makes a trial calculation of the state of Japan's government finance in FY2000, and which, by a curious coincidence, was published by the Ministry of Finance on the same 24th on which Chairman Nagano attended the public hearing.

According to this material, because of such things as growth of expenditure on social security, the shortfall in annual revenue under the general account will expand to between 8.9 trillion yen and 12.7 trillion yen.

By that trial calculation, which shows not even a fragment of plan for grappling with administrative reform to control annual expenditure, the Ministry of Finance is smugly suggesting that it must increase the rate of the consumption tax to 7 percent at the very least.

Moreover, the income tax reduction that will be implemented beginning this year has not been counted in that trial calculation. In other words, what the Ministry of Finance is leveling at the Japanese people in the "Outlook for Government Finance" is the Finance Ministry's one-sided logic that government finance cannot be covered by a consumption tax of 7 percent. It wants to say: if you want to continue the income tax reduction, make the consumption tax higher than 7 percent.

Not placing options before the public, but making it swallow everything as though it were a "dish of poison," is truly the style of the Saito Finance Ministry.

An Unreleased "Plan for Government Finance in the Year 2000"

Furthermore, a certain former official of Finance Ministry gives shocking testimony concerning this "Outlook for Government Finance." He says that separate from the "Outlook for Government Finance" that was published, there exists an unreleased "Plan for Government Finance in the Year 2000," which is, so to speak, a hidden outlook for government finance.

"What Saito has been advocating since immediately after assuming the office of vice minister is a plan for a 15 percent consumption tax in the year 2000. The premise for this is a case in which growth continue on the level of 2 percent, not the current government target of 5 percent, and moreover, that the current 18.7 percent degree of dependence on government bonds be restrained to 5 percent."

According to the former official, the logic goes: at the economic level of the year 2000, if one raises the consumption tax by 1 percent, it will be an increase in revenue as much as 3.3 trillion yen. But if one considers expansion of welfare policy and continuation of income tax reduction, a consumption tax of 10 percent would by no means be enough. Still less, for a source of revenue to support national pensions, for which there is fear of bankruptcy; we must secure a consumption tax of 15 percent at any cost.

"Saito's idea is that 15 percent is only simply becoming the same level as Europe and the United States. That if one takes a hard look at growth of service industries and expansion of multinational business, bringing the consumption tax to be equal to Europe and the United States is nothing particularly special," (same former official).

Furthermore, although a certain other prominent former official rejected the actual phrase "Plan for Government Finance in the Year 2000," saying "I do not know," in regard to a plan for a 15 percent consumption tax in the year 2000, he declared "it is something that government finance authorities naturally should grapple with." And he went on to say:

"What all of us, including Finance Ministry bureaucrats who are currently serving, are constantly saying is that, after this, two or three general elections will be held within a short period, and we suspect that the era of these short-lived "candle cabinets," which live precariously from day to day, will end around the year 2000. That is why the outlook for government finance is fixed entirely on the year 2000."

The raising of the rate of consumption tax is only one of the two pillars of tax system reform; rather it is said that what will be gradually placed on the table as early as before the end of 1994 as a plan the Ministry of Finance will begin to work out, is introduction of a green-card system.

"Although the Diet passed the green card system 10 years ago, during the three-year preparation period opposition arose saying that it would be a system for a number on the back of every citizen or that assets would leak out entirely to the tax office, so the bill was withdrawn. But even after that, the Ministry of Finance introduced large computers to prepare for implementation, and conducted research on the system. If it introduces this system, the hidden money of organized crime, for example, and improper management of corporations will also be found out, and the taxable assets of individuals and companies will also become clear. There are even trial calculations which say that, as a result, there will be an annual revenue increase of more than 10 trillion yen," (same former official).

At a place unknown to the public, the Finance Ministry's strategy to increase taxes is being rapidly advanced.

"The Ministry of Finance is trying to run at full speed along the policy line of completely preying on the people's assets. Even the Government Committee on the Tax System is given only material that is convenient for the Ministry of Finance, so it produces arguments only for raising taxes. Though it has that many members, there is no one to squarely produce a counterproposal. Even if someone were to voice a dissenting opinion, it would be a waste of time. Nor are the minutes of the proceedings open to the public. Now, indeed, is the time when we must make a searching inquiry into the foundation of the bureaucratic system, Kenichi Ohmae, leader of the Heisei Restoration Group).

Whether it be a 15 percent consumption tax or revival of the green card system, the "Plan for Government Finance in the Year 2000"—which is being secretly Promoted—is, in itself, an arrogant, free-spending idea of the Ministry of Finance in which, by dipping their hands into the people's purse, members of the ministry survive comfortably without shedding their own blood. Most persons in financial circles are viewing Chairman Nagano's actions with a distant air, and that being the case, it turned out as the Ministry of Finance wanted. In so far as politics cannot be depended upon at all, we must by all means prevent the Ministry of Finance's scheme by our own hands."

Transport Ministry Requests 'Record High' Budget

OW1108060494 Tokyo KYODO in English 0505 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—The Transport Ministry is considering requesting a record high 220 billion yen for the construction of Shinkansen Bullet Train Lines in the fiscal 1995 budget, ministry officials said Thursday [11 August].

The request would be an increase of about 20 percent from the initial fiscal 1994 budget.

Of the budget request, 26 billion yen is to be earmarked for public works spending, making good use of the priority framework for public investment, the officials said.

The construction expenditure will be used for five sections of three lines now under construction, including the Takasaki-Nagano section of the Hokuriku Line, they said.

Expenses for sections where construction work has not yet started will not be included in the budget request but may be asked for before the year-end compilation of the budget after considering results of reviewed construction plans by the Transport Coordination Committee of the ruling coalition, they said.

Consequently, the ministry is considering asking for 3 billion yen, unchanged from the initial fiscal 1994 budget, as survey costs for sections not yet constructed such as the Aomori-Sapporo section of the Hokkaido Line, they said.

Since construction work for the Takasaki-Nagano section is to peak in the next fiscal year with an aim at opening before the Nagano Winter Olympics in 1998, the ministry will allocate about 80 percent of the construction expenditures to that section, they said.

Panel Urges 'Leaner', Active Defense Force

OW1208025094 Tokyo KYODO in English 0220 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Japan should restructure its defenses to create a leaner, mobile force capable of anticipating and repelling a threat by using spy satellites and an antiballistic missile system, a group of defense advisers to the prime minister said Friday [12 August].

The recommendations are in a report handed to prime minister Tomiichi Murayama by the nine-member Advisory Group on Defense Issues, chaired by Hirotaro Higuchi, chairman of Asahi Breweries Ltd.

The report recommends a move away from a passive defense strategy to a more integrated one in keeping with changes in the geopolitical situation.

Among its recommendations are increased security cooperation with the United Nations and an end to the freeze on participation in U.N. Peacekeeping Forces.

The report says the resolution of conflicts through peaceful means is commensurate with the U.N. Charter and Japan's war-renouncing Constitution that bans the use of force in settling international conflicts.

The government will take account of the report in reviewing the 1976 national defense program outline that has guided Japan's defense buildup, officials said.

But the report, prepared at the instigation of former Prime Minister Morihiro Hosokawa who chose the group's members, does not comply in its entirety with Murayama's expressed desire for demilitarization.

In particular, the call for lifting the freeze on participation in U.N. Peacekeeping Forces will trigger controversy as it clashes with the pacifist policy of Murayama's Social Democratic Party (SDP) [of Japan—SDPJ], which shares the coalition government with the conservative-dominated Liberal Democratic Party (LDP), political analysts said.

The report is based on the premise that Japan's post-World War II defense strategy should change to allow for increased international cooperation on the part of the Self-Defense Forces (SDF).

It calls for renewed recognition that the Japan-U.S. security link is at the core of this multifaceted defense cooperation.

It says Japan should aim for a reliable, highly effective defense capability and reduce the some 274,000 SDF personnel to a 240,000-strong multifunctional, highly mobile force.

The report favors restructuring the Ground Self-Defense Force (GSDF) from the present 13 divisions, each with about 9,000 or 7,000 troops, into 10 brigades with about 3,000 each.

GSDF personnel are stationed at 159 sites around the country, but the report recommends this be streamlined to 110 and that the GSDF should be given greater mobility by transforming some of its constituent elements into helicopter transport units.

It also calls for revising Maritime Self-Defense Force (MSDF) strategy which focuses on an antisubmarine and antimine role and doing away with some of the currently serving 60 destroyers and minesweepers and with some of about 100 antisubmarine patrol planes.

It says the MSDF should have more balanced fighting power with the use of more destroyers with improved air defense capabilities.

It also says the Air Self-Defense Force (ASDF) should acquire midair refueling planes, airborne early warning and control system (AWACS) aircraft, and long-distance transports as well as slightly decreasing its 350 fighter planes spread among 13 units.

It also recommends the introduction of spy satellites and a defense system against ballistic missile attacks.

It says japan should cooperate with the U.S. Military in the development of mutually exchangeable resources and sign an agreement to share supplies and services.

The report appears to suggest a scenario that japan would detect an invasion with the help of satellites and AWACS planes, counter it with fighters and, in case of a missile raid, depend on a theater missile defense system to be developed with the United States.

On the sea, patrol vessels and destroyers would be put on alert and repel landing enemy troops by mobilizing GSDF Forces by helicopters.

The report identifies four possible future defense-related risks—a worsening of the security environment in the wake of a loss of cooperation between world powers, an increase in regional armed conflicts, a spread of weapons and military technology, and a loss of state control in connection with poverty and social dissatisfaction.

Proposed Defense Review Troubles Businesses

OW1208041194 Tokyo KYODO in English 0343 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Business leaders expressed concern Friday [12 August] over the proposed restructuring of Japan's defense system.

A government advisory panel handed to Prime Minister Tomiichi Murayama on Friday a report calling for the restructuring of national defense and security arrangements.

Naomi Anezaki, director of the Society of Japanese Aerospace Companies, said the report is likely to cause a serious impact on Japan's defense industry, which has already suffered from defense budget cutbacks.

He noted that defense procurement accounts for 75 percent of the industry's total output.

Anezaki called on the government to give consideration to the preservation of production and technological foundations in working out a new defense buildup program.

Yutaka Hineno, executive director of Mitsubishi Heavy Industries Ltd., said the industry hopes the government will come up with a new program, laying down a quantitative target for procurement of defense equipment.

Hineno said he appreciated that the report stressed the importance of the defense industry.

Reorganization of SDF, USFJ Reduction Requested

OW1208113494 Tokyo MAINICHI SHIMBUN in Japanese 11 Aug 94 Morning Edition p 2

[Text] On 10 August, the "Peace Strategy Study Group" (headed by upper house member Osamu Yatabe), which consists of Social Democratic Party of Japan [SDPJ] lawmakers who are concerned with peace issues, compiled a statement of their "opinion regarding review of the National Defense Program Outline." Among other requests, the statement calls for curtailing and reorganizing the Self Defense Forces [SDF] and downsizing U.S. Forces in Japan [USFJ]. Yatabe and other members of the group visited Prime Minister Tomiichi Murayama at his official residence and asked him to have their opinion reflected in the government's policies.

The SDPJ study group compiled their statement of "opinion" in view of the submitting of a report on reviewing the "National Defense Program Outline" by the "Informal Gathering on Defense Affairs," a private advisory panel to the prime minister. Regarding disarmament, the SDPJ group seeks: 1) To designate a medium-term goal to curtail and reorganize the SDF hopefully within 10 years; and 2) to designate a yearly plan to reduce defense spending. Concerning the Japanese-U.S. Security Treaty, the SDPJ group presses for a drastic reduction, and removal of U.S. military bases, and curtailing and abolishing joint Japanese-U.S. training exercises. The group also requests setting up an organization separate from the SDF to provide international contributions, and to incorporate Japan's three non-nuclear principles into a law.

Ministers Given Mandate To Pick New Aircraft

OW1208081194 Tokyo KYODO in English 0757 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—The government decided Friday [12 August] to give three ministers a mandate to select a model for a fleet of next-generation, multipurpose military aircraft for the Air Self-Defense Force (ASDF), officials said.

Finance Minister Masayoshi Takemura, Chief Cabinet Secretary Kozo Igarashi and Defense Agency Chief Tokuichiro Tamazawa will select the plane, which could be used as a midair command base, for transporting very important persons (VIPs) and supervising military drills, the officials said.

The Defense Agency reportedly has already decided on the Gulfstream IV of the United States out of three candidate jet aircraft, the other two being the Falcon 900 of France and Challenger 601 of Canada.

The agency was to request a fiscal 1995 budget to purchase the initial two of the nine-plane fleet of the aircraft, code-named (UX), along with its other budgetary requests, to be submitted to the Finance Ministry by the end of August. The UX, expected to replace the current six-person, B-65, is said to cost 3 billion yen per aircraft. It can carry 20 people.

The decision to give the mandate to the three ministers was made at an unofficial meeting of cabinet ministers, where Home Affairs Minister Hiromu Nonaka questioned the wisdom of selecting the Gulfstream, the officials said. Nonaka reportedly said the government should move cautiously in selecting the UX because an alleged connection between some ASDF officials and certain business interests pushing the selection of the Gulfstream has recently come under parliamentary scrutiny.

EPA Chief Voices Concern Over Exchange Rates

OW1208040094 Tokyo KYODO in English 0349 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—An economic planning chief on Friday [12 August] voiced concern over the possible impact of foreign exchange rate movements on Japan's economy, while denying a big gap with the central bank in judging the situations.

"Concerns have not gone yet. Exchange rate developments are the biggest one despite the yen's slight setback," Masahiko Komura, director general of the Economic Planning Agency (EPA), said at a press conference after a regular cabinet meeting.

Asked about a difference between the EPA and the Bank of Japan (BOJ) in evaluating economic conditions, Komura suggested there is a slight distinction in terminology, saying, "There is no big gap between us."

The BOJ has said the nation's economy is finally heading for recovery, whereas the EPA said in its latest monthly report the economy is showing signs of gradually pulling out of the slump, avoiding the word "recovery."

At a separate press conference, International Trade and Industry Minister Ryutaro Hashimoto quoted BOJ Governor Yasushi Mieno also as saying there is not much difference.

Komura said he thinks both the EPA and the BOJ made exact judgments based on data.

Referring to Mieno's remarks denying making judgment in line with certain policy, Komura said, "The EPA cannot do such a thing, either."

"At present, we want to carefully watch movements in exchange rates and their effects," he added.

Rising Interest Rates 'Carefully Watched'

OW1208041594 Tokyo KYODO in English 0340 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—The government will "carefully watch" developments in market interest rates, Finance Minister Masayoshi Takemura said Friday [12 August], expressing concern over recent higher rates dampening economic recovery.

"The government has no intention at the moment to take policy action, but will carefully monitor the interest rate trend for an economic recovery," Takemura told reporters after a morning cabinet meeting.

His comments echoed spreading concern among business leaders and economists that recent rises in interest rates may further discourage corporate capital investment to slow the pace of economic recovery.

With long-term market rates on the rise particularly from expectations of economic recovery, long-term credit banks decided earlier this week to raise their prime lending rate.

The hike in the long-term prime rate led the Finance Ministry to raise its interest rates on funds offered to government-affiliated financial institutions under the government's fiscal loan and investment program.

Against this backdrop, short-term rates are also starting to move higher, led by the three-month rate on newly issued certificates of deposit (CDS), thus increasing the possibility of commercial banks hiking their short-term prime rates.

Takemura did not comment much on the market trend, but merely said "The interest rate trend is determined by market principles."

Meanwhile, Bank of Japan Governor Yasushi Mieno in his press remarks Wednesday ruled out any major impact from higher rates on the economy and also rejected any immediate cut in the official discount rate, currently at a record low 1.75 percent.

The central bank chief said interest rates are just one of the factors determining economic trends, and they should settle at a level reflecting fundamentals.

Instead, Mieno continued to stress a rosy view of the economy, reiterating that it is finally headed toward recovery.

The government, however, remained cautious about declaring an end to the three-year slump in its monthly economic report for August released Friday morning.

The wording of the report, compiled by the economic planning agency, was almost unchanged from that of July and described the economy as remaining in an adjustment phase although bright spots are gradually spreading toward recovery.

Concerning a plan to liquidate and merge government-affiliated companies, Takemura said his ministry is now studying the resulting cutbacks in fiscal spending and expressed hopes the coalition parties will make a final decision by summer's end.

A project team of the coalition parties compiled a draft plan earlier this week, calling for the privatization of 22 firms, the liquidation of three and the down-scaling of 24 firms.

The team expects the plan to reduce fiscal spending by 1.7 trillion yen annually and the privatization to generate 16 trillion yen over 10 years, particularly by selling stocks.

The draft was largely drawn up by New Party Sakigake [Harbinger], headed by Takemura.

The plan will be a clear indication of the government's administrative reform to win public support for tax reforms that include tax hikes to offset multiyear tax cuts.

BOJ To Release 'Tankan' Economic Report

OW1208114894 Tokyo KYODO in English 1125 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—The Bank of Japan (BOJ) said Friday [12 August] it will release its "Tankan" survey for August—which is seen as a barometer for the central bank to decide its future monetary policy—on Sept. 6 at 2PM [0500 GMT].

Items covered by the quarterly poll include business sentiment, capital spending, financial conditions and the labor market.

EPA: National Economy in 'Adjustment Phase'

OW1208052394 Tokyo KYODO in English 0038 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Japan's economy is showing signs of gradually climbing out of the slump which has lasted over three years, but prospects for a steady recovery are still unclear, the Economic Planning Agency (EPA) said Friday [12 August].

"The national economy is in an adjustment phase, but bright signs have been spreading recently, and there are movements toward pulling out of the slump - but gradually," the EPA said in its latest monthly report on the economy.

Although no longer referring to the economy as "sluggish," as it did in its previous report, the EPA remains cautious about declaring an economic recovery.

"The situation is not such that the word 'recovery" can be used," an EPA official said, citing a lingering slump in corporate capital spending and uncertainty about the impact on corporate earnings of the yen's latest advance.

He also underlined the need to see whether a recent upward trend in industrial production and consumer spending will become well rooted, before judging whether the economy has bottomed out.

The latest report comes against the backdrop of strong economic data on consumer spending, such as retail and new car sales, as well as in an official measure of consumer sentiment.

Sales of new passenger cars, excluding minivehicles, rose 1.5 percent in July from a year earlier, for the first gain since March 1993, while the pace of year-on-year declines in sales at department stores slowed to 0.3 percent in June, from 2.3 percent in May.

The EPA's consumer sentiment index jumped 7.8 percent to a seasonally adjusted 41.1 in the April-June quarter, the highest level since the same period in 1993.

But corporate capital spending remains in the doldrums, and the latest quarterly survey by the EPA found that firms plan to cut their spending in October-December for the third quarter in a row.

Many private-sector economists say corporate capital spending is a key to a full-fledged recovery, as, together with consumer spending, it is the driving force of the economy.

The Bank of Japan seems to be more optimistic than the EPA. Governor Yasushi Mieno said Wednesday that the economy has at last begun to head for recovery.

The EPA official said, however, his agency's view of the economy is very close to that of the central bank, if the bank assesses the economy to be heading for recovery gradually.

Economic recovery will not be swift, according to the official. "It is not like the sun rising one day and everything suddenly becoming bright," he said.

MITI Survey: Business Confidence Improving

OW1208082894 Tokyo KYODO in English 0810 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Business sentiment among Japanese corporations is recovering, a Ministry of International Trade and Industry (MITI) survey showed Friday [12 August].

The business confidence diffusion index for the April-June quarter came to minus 3 on an all-industry basis but the index forecasting the July-September period registered plus 14, MITI said. The diffusion index for a particular quarter represents the percentage difference of corporate managers replying that business was turning up in the quarter from the previous period and those observing a business deterioration. The index for the second quarter stood at minus 4 among manufacturers but that for the third quarter was plus 14, the survey showed.

Contributing to the better outlook are brisk demand for petrochemical products and a pickup in personal spending, MITI said. Other plus factors are rising auto sales and an expected pause in the decline of production of precision instruments like watches and cameras, MITI said. Among non manufacturers, the index improved to plus 16 from minus 2.

MITI said business confidence is recovering in such industries as leasing, computer software and housing. The survey was conducted June 20, covering 409 companies in 19 industries.

Machinery Orders Said Key to Economic Recovery

OW1208101894 Tokyo KYODO in English 0944 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Machinery orders are a key to whether the government can declare an economic recovery as they are a leading indicator of capital spending, a top government official said Friday [12 August].

"If a leading indicator shows signs of bottoming out or moving upward, it means a new phase in the economy," said Tsutomu Tanaka, vice minister at the Economic Planning Agency [EPA].

In the latest monthly report on the economy, released earlier in the day, the EPA pointed to signs that Japan is pulling out of its three-year-old slump, albeit gradually, but did not use the word "recovery" in describing the state of the economy.

Private-sector machinery orders rose a seasonally adjusted 12.5 percent in June from the prior month for the second straight monthly gain. An EPA official said the data signal that the long series of declines in machinery orders has come to an end.

More on Issues Related to Domestic Politics

Next Prime Minister Speculated

OW1208100494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Aug 94 Morning Edition p 2

[Unattributed article: "Who Will Come 'After Murayama?'; 'It Can Be Mr. Takemura'"]

[Text] Bargaining for 'Next After the Next' [subhead]

In early June, political parties were bargaining hard with each other over who should succeed Tsutomu Hata as prime minister. This was shortly after the Hata cabinet turned into a minority government after the Social Democratic Party of Japan [SDPJ] bolted it. This was when Yohei Kono, president of the Liberal Democratic Party [LDP], and Masayoshi Takemura, a representative of Sakigake [Harbinger], met for a dialogue.

Kono said: "If Sakigake, which has only 20 or so members in the Diet, wants to sit on top of the LDP, which has 10 times the number of dietmen as does Sakigake, this will produce a dual power structure, as was seen within the Hosokawa cabinet. It thus will be difficult for the LDP to put you on top."

Takemura: "I understand this. I understand the circumstances within the LDP."

Kono and Takemura are now the most likely candidates from the right wing to succeed Murayama. But even in the days when it was unclear yet who would succeed Hata, the exchanges during the meeting between the two already contained something that was meant to say who should come "next after the next."

Then another dialogue followed. It was at the House of Representatives late in June when the countdown for the resignation en masse of the Hata cabinet started. The SDPJ's Takeshi Takeuchi, chairman of the lower house Committee on Agriculture, Forestry, and Fisheries, who was running around to get the LDP, the SDPJ, and Sakigake to cooperate in establishing a coalition government, opened talks with Shusei Tanaka, a deputy representative of Sakigake. Takeuchi suggested: "Let's go for Takemura as prime minister. Because he is an advocate of defending the Constitution, we can agree to elect him." Tanaka vehemently shook his head in negation, saying: "No, no, our party is too small for that. Thanks, but no." But Takemura is very popular within the SDPJ, and even Koken Nosaka, chairman of the SDPJ Diet Affairs Committee, who was all for "Murayama as prime minister," was resolved "to go for Takemura if Murayama decides against" being named prime minister.

Sakigake Has Many Things in Common With SDPJ

Shortly before deciding to "run for prime minister," SDPJ Chairman Tomiichi Murayama held frank and open discussions with [the SDPJ's] Tsuruo Yamaguchi on the question of whom to name prime minister in the LDP-SDPJ-Sakigake coalition government.

Yamaguchi told Murayama: "Mr. Hata is someone who even failed his high school entrance examinations. He is not very different from us. If even he could do the job, then you should be able to do the job beautifully."

Murayama responded: "Won't Mr. Gotoda do? Mr. Takemura is another possibility."

Yamaguchi then told him, "Only you can maintain this party's unity."

The people who Murayama had in mind to name as the top leader of the new government were two—Masaharu Gotoda, former deputy prime minister and justice minister, and Takemura. The resistance within the SDPJ about "voting for the LDP president in an election for prime minister" was so strong that he simply could not even mention the name Kono.

Takemura is a liberal and an advocate for defending the Constitution, is against the "Ichi-Ichi duo" [Ichiro Ozawa of the Japan Renewal Party and Yuichi Ichikawa of Komeito], and wants to be "cautious about raising the consumption tax rate." As such, he has many things in common with the SDPJ. The possibility of the SDPJ in the future promoting him as a successor to Murayama is quite strong. Takemura himself considers solid ties with the SDPJ to be a key strategy in his pursuit of power. He apparently wants to "gain the profit of the third party" by functioning as an adhesive in gluing the coalition parties together.

But the opinion of Takemura held by the LDP, which is another party in the coalition, is cold.

LDP Is Very Wary

When the "Group New Century" which is a political group centering around the "YKK" trio—Taku Yamasaki, Koichi Kato, and Junichiro Koizumi of the LDP—held a meeting to discuss a candidate to succeed Hata, the name of the first person mentioned was Tetsundo Iwakuni, mayor of Izumo city in Shimane Prefecture. But that novel idea was struck down immediately because Iwakuni was not a dietman. The name of the person who came next was Takemura. Yamasaki and his colleagues asked the opinions of members of the group, and almost no one spoke in support of Takemura. The "New Century" then promptly swung its support to Murayama.

Guardedness and wariness toward Takemura within the LDP is strong—so strong that LDP members have been witnessed calling him a "Dosan Saito of the Hesei era" [Saito was a feudal lord of the 1467-1568 Sengoku period who is considered a traitor] and "a treacherous man with Machiavellian deceptions." Members of the LDP cannot forsake their image of him as a "turncoat" who bolted the LDP one year ago. Also, there are also extraordinary amounts of jealousy being harbored about this three-term dietman Takemura who has set his eyes on the post of the next prime minister.

But, still, not a small number of people (according to an official of the LDP's Mitsuzuka faction) believe that, "if the party comes to face the crisis of the possibility of once again losing power, it will decide that even Takemura is acceptable" [to avoid such a crisis]. Given the conditions, Takemura somehow will have to surmount two obstacles lying before him—"the problem of the weak power of the party," as well as the LDP's being "allergic" to him.

Threat to Coalition

OW1108130294 Tokyo KYODO in English 1245 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—Opposition parties in Japan could pose a serious threat to the ruling coalition in the next general election if they put up a united front while ruling parties fail to do so, according to a simulation predicting election results under the new single-seat constituencies proposed Thursday [11 August].

The opposition parties will face a devastating defeat, however, if they fail to stage well-coordinated joint election campaigns, or if the three ruling coalition partners join forces during an election, the simulation by KYODO NEWS SERVICE revealed.

A government panel submitted to Prime Minister Tomiichi Murayama on Thursday a draft of a new election map for single-seat constituencies for the House of Representatives to replace the old multiseat constituencies.

KYODO's simulation of future election results was based on the voting patterns in last year's general election, but within the proposed new electoral boundaries.

The simulation showed that if the opposition parties create a single new party, as they are planning to do, or field joint candidates in most constituencies, while the ruling coalition partners fail to unite, then the opposition camp will grab about 240 seats, close to a majority of the total 500 lower house seats.

If, on the other hand, Murayama's Social Democratic Party (SDP) joins forces with its coalition partners, the Liberal Democratic Party (LDP), and new party Sakigake—a scenario believed unlikely—they will enjoy an easy landslide, winning 320 to 400 seats between them, according to the simulation.

The LDP in particular is set to gain even if the three ruling coalition partners field candidates separately, while the opposition splits into three camps—Shinseito and Komeito, Japan New Party and Democratic Socialist Party, and other LDP splinter groups.

In that case, the simulation indicates, the LDP would grab a handsome majority of the 500 seats in the new lower house, while the SDP would be the biggest loser, with its seats falling to 46 from the 73 the party holds in the current 511-seat lower house. Combined with the 15 seats that Sakigake would win, the present ruling coalition would hold well over 300 seats. In contrast, if not united, the nine opposition parties, excluding the Japanese Communist Party, would lose about 20 seats, securing only 170 seats in the house.

New Electoral Map Welcomed

OW1108114894 Tokyo KYODO in English 1135 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—Most business leaders on Thursday [11 August] welcomed a proposed electoral map for the House of Representatives' single-seat constituencies as a first step in political reforms.

A government panel earlier in the day submitted the draft map to Prime Minister Tomiichi Murayama, clearing the way to finalize political reform bills aimed at overhauling Japanese politics. Under the new electoral map, a vote in the least populated constituency in Shimane Prefecture will be worth 2.137 in the most heavily populated constituency in Hokkaido.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations, told reporters the proposal is an "indispensable step" toward implementing political reform bills.

Takeshi Nagano, president of the Federation of Employers Associations (Nikkeiren), said the proposal set the foundation for political reforms. Nagano also regretted that the panel recommendations left considerable inequity in vote value among constituencies but added that the problem is tolerable.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), expressed hope that a bill to demarcate the new constituencies will be enacted soon.

Bid for UNSC Seat

OW1108194094 Tokyo MAINICHI SHIMBUN in Japanese 8 Aug 94 Morning Edition p 3

[Interview with Sakigake (Harbinger) "acting leader" Shusei Tanaka by unidentified MAINICHI SHIMBUN reporter; place and date not given; first paragraph is MAINICHI SHIMBUN introduction]

[Text] Acting Sakigake head Shusei Tanaka, in an interview with MAINICHI SHIMBUN, explained why he is cautious about obtaining a permanent seat on the UN Security Council [UNSC].

[MAINICHI SHIMBUN] Why are you cautious about winning a permanent seat on the UNSC?

[Tanaka] There are two major reasons. One is that becoming a permanent member of the UNSC is an important issue that affects the fate of Japan. I have the impression that the decisionmaking process is being promoted under the leadership of the bureaucrats. This is a problem. The other is the propriety of discussing this issue. I am of the opinion that the process by which Japan becomes a permanent member will have a great impact on Japan, even if it becomes a permanent member. Since last year I have been saying: "I am not saying that Japan should never become a permanent member. But it is not good to have to wish to become a permanent member. It is desirable that Japan not seek a permanent seat" This is my basic position.

[MAINICHI SHIMBUN] In a lecture, you proposed that an advisory organ to the prime minister be set up to discuss the issue, did you not?

[Tanaka] Yes, as one of the ways to study the issue. Discussions on what Japan wants do as a permanent member have not been held. It has not been made clear what sort of duties and obligations Japan will have when it becomes a permanent member. For that reason, I wonder why Japan wants to stand as candidate for a permanent membership without holding nationwide debates and obtaining a national consensus.

[MAINICHI SHIMBUN] When you were a special adviser to the prime minister, you sharply debated the Foreign Ministry. What is the background of your debates with the ministry?

[Tanaka] Before the UN General Assembly session last September, I asked Administrative Vice Foreign Minister Kunihiko Saito whether he "wanted to obtain a permanent membership." Mr. Saito said: "I do not desire to obtain a membership, but I think we should obtain it." In response to my question "whether the ministry had been making efforts to obtain a permanent seat," he said, "We have not been lobbying and we have no intention to do so."

[MAINICHI SHIMBUN] The Foreign Ministry seems to be trying to gain a permanent seat. Do you think so?

[Tanaka] Judging from the ministry's behavior, outsiders think the ministry "seems" to be eager to get a permanent seat. This is an important point. If a man, for example, decides to become a city assembly member, his name card would be bigger and he would control his temper even if some one steps on his foot, or he would visit his supporters with sake in hand. Judging from his behavior, people around him could easily see that he wants to become a city assembly member. If Japan shows eagerness to become a permanent member on the UNSC, the United Nations will attach a condition. But if Japan is recommended for a permanent seat, it can make clear what it can or cannot do as a permanent member, and make such requests as a reform of the UNSC to the United Nations.

[MAINICHI SHIMBUN] Some people criticize taking a cautious stance on obtaining a permanent membership as "being a self-centered pacifist." How do you counter this criticism?

[Tanaka] Misunderstanding my opinion, some people regard it as a "selfish" view. This is outrageous. Becoming a permanent member of the UNSC without deciding on its roles will lead the United Nations into trouble. This should be avoided. I also want to talk about the UNSC. Fifty years have passed since the United Nations was set up, and the United Nations is facing a turning point. There is a call for reforming the UNSC and reshuffling the UNSC permanent members. I recommend that the government set forth its opinions on the issue concerning the veto rights of UNSC permanent members and the reshuffling of members. If the opinions are rejected, and if Japan fails to become a permanent member, there is nothing it can do about it. What I really want to point out is that, even if a permanent membership is not granted to Japan, there must be something Japan can do. For example, Japan can engage in UN peacekeeping operations (PKO), which is just like putting out a fire in one's own house. For the most part, wars or troubles break out for nonmilitary reasons such as poverty. There are other such global issues as environmental protection, narcotics, overpopulation, AIDS, human rights, and despotism. Underlying the Rwandan issue is poverty, human rights, and despotism. Making an effort to get rid of the root-causes of those problems is as important a contribution as putting out a fire. Attaching importance to such contributions cannot be considered a selfish, pacifist attitude.

[MAINICHI SHIMBUN] What sort of issues do you think will come to the surface when Japan becomes a permanent member of the UNSC?

[Tanaka] In the case of an emergency like the Gulf war, for example, the permanent member nations must play a leading role in adopting the resolutions of the UNSC. This inflames the hostility of a country which is the subject of resolutions. If Japanese ships or airplanes encounter retaliation or terrorism in international waters, I wonder how Japan will deal with it within the framework of the current Constitution. The U.S. Senate has adopted a resolution that "the United States can support Japan's bid to obtain a permanent membership on the UNSC only when it has become possible for Japan to take part in UN PKO that assume various forms of activities and UN peace-creation activity." There are also calls that when Japan is allowed to get a permanent seat, it should bear the same obligations as other permanent member nations. In addition, there is a question of whether the people would allow their nation to act as a permanent member. These points have not been discussed, and steps have been taken without discussion. I think this is dangerous.

[MAINICHI SHIMBUN] While the Murayama government seems to be cautious about gaining a permanent seat, it stresses "continuity of foreign policies." This gives us the impression that the government is being defeated by the Foreign Ministry in this argument. What do you think?

[Tanaka] Mr. Takemura (finance minister), Mr. Murayama (prime minister), Mr. Kono (deputy prime minister and foreign minister), and I are all of one mind. I was deeply involved in reaching a recent agreement on forming the coalition among the three parties. The agreement is the basic stance of the Murayama government. I think the Foreign Ministry will take every possible opportunity to get a permanent seat, but its work in such a manner—ignoring the government—will never succeed. Japan's Official Development Assistance (ODA) or foreign policies will be taken as part of its election campaign (for obtaining a permanent seat). We should not allow the ministry to accumulate the accomplished facts and lead the nation to obtain a permanent seat. When the government stands as a candidate for a permanent seat, it is necessary to obtain the people's consensus. Once Japan gets a permanent seat and comes to ratify the UN decision, it will be too late to seek the people's consensus. Now is the important time.

Cabinet Offices Strengthened

OW1108234894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Aug 94 Evening Edition p 3

[Text] On 10 August, a government source disclosed that beginning FY 1995, measures will be taken to strengthen the functions of the three offices at the Prime Minister's Official Residence [PMOR]. For example, officials at the vice-ministerial level, which are selected from various ministries, will be appointed as directors of the three offices directly under the cabinet—the Cabinet Counselors' Office on Internal Affairs, the Cabinet Counselors' Office on External Affairs, and the Cabinet Security Affairs Office.

The director posts of these three offices have hitherto been regarded as posts "at the vice-ministerial level." However, since these posts have, in fact, come to be regarded more than ever as posts for jumping from the bureau-chief level to the "next level," the government intends to insist on "selecting those officials of big stature" who have great influence on various ministries. At the same time, measures will be taken to appoint experts to these offices whenever necessary. A plan to promote policy coordination with the PMOR playing the leading role has surfaced.

The same source stated: "Since the number of staff members cannot be increased, it will be necessary to improve the quality. Despite the fact that competent officials have been assigned to these offices, measures will be taken to get staff members with greater competence and influence. It will not do to change the structure of these offices." In this way, he indicated that in strengthening the PMOR's functions, efforts will be focussed on securing competent officials.

Wartime Past Divides Ministers

OW1208082594 Tokyo KYODO in English 0807 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Cabinet ministers expressed conflicting views of Japan's wartime past Friday [12 August], offering different suggestions on how the nation should come to terms with its responsibilities toward the rest of Asia.

Members of the coalition cabinet aired their opinions following Friday's cabinet meeting as the country looked ahead to marking the 49th anniversary of the end of the war Monday.

While Finance Minister Masayoshi Takemura characterized the war as a "mistake" that requires Japan's "all inclusive remorse," Environment Agency chief Shin Sakurai insisted Japan was not the only bad participant in the war. International Trade and Industry Minister Ryutaro Hashimoto said he would mark the end of the war as he does every year with a visit to Yasukuni shrine, a move which often elicits protests from Asian countries worried about Japan's reemerging military power.

On the other hand, Construction Minister Koken Nosaka urged the adoption of a Diet no-war resolution that would alleviate Asian fears that Japan is seeking to rearm itself. Takemura, 59, of New Party Sakigake, told reporters that with the growing revelations about the Asian women forced into wartime prostitution for Japanese soldiers, "even without compensation from the state, it is necessary for some kind of response and remorse." He added, however, that the issue of Japan's postwar reparations has been dealt with through international agreements and that decisions reached between governments should not be overturned.

Hashimoto, 56, of the Liberal Democratic Party (LDP), held the view that apologizing for the war and compensation are separate issues. "Looking at the twenty-one demands (of 1915), we must say there was the undiluted color of invasion with regard to China and that korea was no less than colonized. We can only apologize to the people of Asia who were occupied (by the old Japanese imperial army)," said Hashimoto.

The LDP politician, however, said he would visit Yasukuni shrine, which enshrines Japan's war dead including some class a war criminals, and the Chidorigafuchi shrine for unknown soldiers, "as I do every year." Visits by Japanese cabinet members to the shrine in central Tokyo each year regularly instigate protests from Asian countries that suffered under Japan's military invasion and rule during World War II.

Nosaka, 69, of the Social Democratic Party, said he hopes to see the enactment of a bombing victims relief law and a no-war resolution adopted by the Diet for the 50th anniversary of the end of the war next year. He added it is important for the people of Asia not to have anxieties over Japan becoming a military power.

LDP arch-conservative Sakurai, 61, said Japan had no intention of waging a "war of aggression" and pointed to a more positive view of the results of the war. "It is not necessary to take the view that only Japan was bad," he said. As a result of the war, he added, the countries of Asia "became independent, education is widespread, and the literacy rate is high," said Sakurai, asking for international and domestic understanding. On the issue of compensation, Sakurai suggested that it is difficult to know where to draw the line but noted the coalition administration provides a chance for long-time opponents to make "forward-looking arrangements."

Drastic Overhaul of Farming Policy Proposed

OW1208030894 Tokyo KYODO in English 0242 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—A government panel on Friday [12 August] proposed a drastic overhaul of Japan's farming policy featuring an end to Japan's wartime Food Control Law.

The Agricultural Policy Council, an advisory panel to the prime minister, adopted a landmark report which also calls for lessening government interventions and giving more freedom to farmers in production and distribution of rice, the nation's staple grain.

Providing a picture of post-Uruguay Round Japanese farming, the report said the government should not cling to the existing law and urged it not to hesitate to replace it with a new system.

The Food Control Law, which brings production, distribution and prices of rice under state control, has been a sacred cow since it was established in 1942 to ensure food supplies during World War II.

But as liberalization is now the inevitable course to take for Japanese farming to compete with more efficient foreign agriculture, the obsolete law has become more of an obstacle than a help for domestic farmers.

In the report, which was submitted to Prime Minister Tomiichi Murayama, the council said stiff government controls on agriculture no longer need be sustained.

"A necessity has arisen to shift to a production adjustment system which gives more discretion to rice growers and more diversified marketing by them in order to strengthen rice farming in Japan," it said.

'Gist' of Panel's Report

OW1208032494 Tokyo KYODO in English 0245 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—The following is the gist of a report on agricultural reforms submitted Friday [12 August] by the Agricultural Policy Council to Prime Minister Tomiichi Murayama.

—A new farming structure for the 21st century should be established while the Uruguay Round accords on liberalizing world trade remain in effect.

—A new system of laws on agriculture should be established, regardless of the existing food control system.

—Self-sufficiency should be sought for rice as a staple food and efforts should be made to stem the decrease in food self- sufficiency rates.

—The system for pricing of rice should be legally established and the bidding system for rice should be improved.

—Controls on the distribution of farm produce should be minimized, market forces should be introduced and irregular trading should be abolished.

Minister 'Applauds'

OW1208052494 Tokyo KYODO in English 0455 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 KYODO—Agriculture Minister Taichiro Okawara applauded Friday [12 August] a report by a government advisory panel calling for scrapping the Food Control Law that tightly regulates rice production and distribution.

"The current food control law is estranged from the real situation, so a new system is needed," Okawara said at a news conference.

In the report presented earlier in the day to Prime Minister Tomiichi Murayama, the Agriculture Policy Council proposed abolishing the law and relaxing regulations on agriculture to give farmers more freedom.

"I take it (the report) to pave the way for new prospects for agriculture in Japan," said Okawara, head of the Ministry of Agriculture, Forestry and Fisheries.

Okawara alluded to the need to reorganize government organizations regarding agriculture and the existing rice control system as well.

Among such organizations, the Food Agency under the Ministry of Agriculture, Forestry and Fisheries has often been viewed as outdated as its main function is to regulate rice production and distribution.

Asahi Glass To Rationalize Distribution System

942A0525A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 21 Jul 94 p 11

[Text] Asahi Glass is improving its plate glass distribution and proceeding with further rationalization. It is reorganizing its investment in various distributors into the three categories of zero, 51 percent, and 100 percent. Moreover, its policy will be to reduce the sales support services of branches for specified agents (primary distributors) which can be called a business practice. Plate glass distribution is so complicated that manufacturers cannot handle it, and it is becoming one factor in iyd high cost setup. Last year Asahi Glass discontinued business volume rebates for specified agents, and just in January 1994 changed the method for determining price, but it is proceeding further in simplifying distribution, in preparation for competition with imported plate glass in the future.

The company has eight regional sales companies and 158 specified agents nationwide. Besides continuing the current full investment for sales companies, it has clarified its positioning as direct sales bases for final users such as general contractors and sash makers.

It has capital participation in some 20 specified agent companies, but the plan is to make the investment ratio in the two categories of zero and 51 percent, except for some listed companies where receipt of dividends is the objective. The specified agents with a 51-percent investment are considered exclusive sales stores of the company where it will strive for permeation of sales and price policies. It is 51 percent because that is the minimum level to hold management rights and "there is no sense in investiong above that" (company officer).

On the other hand, Asahi Glass has supported sales for the specified agents with no capital relationship, which are the majority, by having salesmen of the eight branches nationwide perform sales activities for the specified agents, but the policy is to stop this gradually. The glass division of the company has an estimated little less than 200 people in branches, but with the reduction of support, it will transfer branch salesmen to the sales companies and reduce branch personnel.

Rebates and dispatch of personnel had been a factor for firmly tying together manufacturers and distributors, but by this move, the majority of the specified agents will be out from the umbrella of Asahi Glass and become completely independent. For Asahi Glass, the reduction of support for the specified agents is linked to a reduction in operational costs.

MITI Plans Program To Aid Small Retailers

OW1208134694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Aug 94 Morning Edition p 5

[Text] The Ministry of International Trade and Industry [MITI] plans to support small retail stores' joint purchase of goods. As part of concrete measures, MITI is considering not only subsidizing the joint purchase project when a retail companies group—such as a cooperative of small retail stores—builds warehouses or stores or buys land, buildings, and equipment, but also extending low-interest loans. To compete with major supermarkets' "price- busting" practices, there are growing moves among small retail stores toward cutting distribution costs through a joint purchase system. In response to these efforts by small retail stores, MITI plans to back up their joint purchase system with the aim of spreading "price-busting practices" to ordinary retail stores. MITI intends to incorporate its plans in its budget request plan for FY 1995.

What MITI seeks to support is the joint purchase of goods by small retail stores cooperatives or their jointly invested companies. Under the plan, the retail store groups or cooperatives will be subsidized and financed by MITI with low-interest loans to build warehouses designed to store jointly purchased goods, to open shops, and to buy equipment needed for sales promotions.

A subsidy or loans will be applied to joint purchase projects which are planned not only by retail store groups which deal in the same types of goods but also by a group composed of retailers who deal in different types of goods. For example, when grocery stores and variety shops set up a joint purchase system and sell their partner's goods in their own shops, subsidies or loans will be applied. In addition, MITI's plan will also be applied to a joint purchase by a group composed of retail stores and small wholesalers.

There is an existing measure to support joint purchases by small to medium retail stores of voluntarily associated chain companies. The measure offers low-interest loans for the procurement of land, buildings, and equipment. However, conditions are attached to the current program. The voluntary chain company has to be composed of over 30 participating companies, and over 90 percent of the members have to be small to medium wholesalers and retailers.

The new program is designed to support small-scale joint purchase projects other than those applied to voluntary chain companies. Under the new program, conditions for receiving aid will be eased, and the required number of participating companies will be reduced to 10-20.

Because small retail stores, when compared to major supermarkets, are placed at a disadvantage when holding price negotiations with manufacturers and wholesalers, it is difficult for them to compete with major supermarkets. To gain competitive power, local small supermarkets are giving impetus to their moves toward establishing a joint purchase system. MITI, to help small stores, also plans to encourage ordinary small retailers to establish a joint purchase system by adopting the new program.

Labor Ministry Compiles New Law on Subsidies

OW1008122094 Tokyo KYODO in English 1143 GMT 10 Aug 94

[Text] Tokyo, Aug. 10 KYODO—The Labor Ministry has compiled a new law providing for government subsidies to industrial sectors stuck in chronic structural slumps and facing difficulties in sustaining labor, ministry sources said Wednesday [10 August].

Under the planned law, the government will subsidize firms in industrial sectors perceived to suffer from market slumps and forced to reduce labor. The sources said the law, to be submitted to the next ordinary session of the Diet, is designed to help companies, hit by structural changes in the Japanese economy resulting from the yen's appreciation and other factors, to shift labor without creating joblessness.

At present, the government designates 14 sectors such as coal mining as recession-hit industries qualified for government financial aid. The current law expires at the end of next June, and the ministry plans to have it absorbed by the new law, which will be in effect for six years.

Under the new law, firms planning to downsize business and reduce labor have to submit concrete labor plans to unemployment offices, and if the plans are approved, the government will give financial aid to firms that receive dismissed or relocated labor. The government will also help firms train employees who are going to be or have been shifted, and workers who have been forced to move because of relocation or a job change.

Nissan, Isuzu To Collaborate on Truck Production

942A0558A Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Aug 94 p 8

[Text] Nissan Motor, Nissan Diesel Motor, and Isuzu Motor announced on 5 August that they signed a basic contract formalizing a basic agreement reached in April for a reciprocal original equipment manufacturer supplier relationship. Isuzu will supply two- and three-ton small trucks, while the Nissan Group will supply vans and one-ton small trucks. The aim is to reduce development and manufacturing costs by procuring unprofitable lines from other makers.

According to the contract, Isuzu will deliver a combined total of 14,000 units a year of two- and three-ton small Elf trucks to Nissan and Nissan Diesel beginning in May 1995, while Nissan Diesel will deliver 2,000 units a year of one-ton small Atlas trucks to Isuzu.

Further, beginning in August Nissan will deliver 6,000 units of a "one-box" Caravan van coach to Isuzu. All parties to the contract will sell procured vehicles under their own brand names.

The recent contract was limited to the domestic market and left open the question of export sales. Further, Nissan intends to assign substitute projects to Nissan Diesel when it discontinues the production of the 2- and 3-ton Atlas trucks, but has not made a decision yet on the nature of the projects.

In July, Isuzu borrowed 250 employees from Nissan for work at its three plants in the Kanto area, reflecting a boost in the cooperative efforts between the two firms.

Telecom Council Struggles on NTT Rates

942A0532A Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 94 p 7

[Text] Deliberations over a telephone rate hike request from Nippon Telegraph and Telephone (NTT) are in turmoil. The desires of the Ministry of Posts and Telecommunications [MPT], the information-telecommunications industry, and the political world are involved, and discussions have not reviewed the decentralization of the old NTT and the future outlook for establishment of an information-telecommunications infrastructure for the 21st century. It appears that the rate hike request is being suspended temporarily because of a change to a new government with a differing policy on public utility rates, but that a rate hike may be approved as a makeshift action.

On 28 July, Shigemichi Sonoyama, chairman of the Telecommunications Projects Committee of the Telecommunications Council (advisory organ of the MPT), and chairman of the Mobile Wireless Center, expressed dissatisfaction with the way the recent rate hike issue was handled when he said, "Deliberations are limited to the question of a rate hike."

NTT had submitted its request for rate hikes at the end of March. In response, the MPT referred two issues to the council: 1) an average 18-percent hike in the basic rate and 2) an increase from the current 30 yen charge to 60 yen for the third and subsequent information calls. However, the council has voiced numerous critical comments concerning the issues brought before it.

The reason for the critical comments is that, according to the information submitted to the council by the MPT, fiscal year 1996 revenue growth resulting from the hike in information call charges will be 11.1 billion yen, but will still leave a departmental deficit of 117.3 billion yen even after cost reductions are implemented. Comments have begun to appear such as that of Yasushi Kasai, chairman of the board of the Japan Economic Research Center, who points out, "It is necessary to make policy decisions of a larger magnitude."

Moreover, if NTT decides to retain its information call department and decides against making it a separate company, officials at the new common carriers [shindenden] say, "The position may obstruct any improvements in the information-telecommunications infrastructure." A problem already existing is the relationship between Tokyo Tsushin Network (TTNet), the Tokyo Electric Power Company-affiliated regional telephone company, and NTT. The two companies use incompatible telephone numbering systems and it is impossible to make a call from an NTT telephone to a TTNet telephone.

In the future, if telecommunications and broadcasting are integrated and cable television companies enter the telephone business, it is expected that similar problems will occur frequently. In response to the council's recommendations, the MPT has suggested that information call operations be integrated with telephone book operations or that a separate company be established to handle information calls in the future, but it also mentions related problems for both approaches and there are signs that the MPT will postpone any fundamental action.

Tokyo University Professor Satoru Daigo, who is well versed in the financial affairs of the telecommunications business, asserts, "If revenues and expenditures are examined in detail by type of telephone service, NTT should be able to reduce deficits in its basic rate structure by about 50 billion yen." A possible problem area is the depreciation of optical-fiber cable circuits. Supposedly, NTT is depreciating and counting as a cost one-third of all circuits, including that portion which falls in the inventory category. According to the professor, if these depreciation expenses are excluded, the fiscal year 1993 deficits in NTT's basic rate structure can be reduced from an estimated 164.8 billion yen to about 110 billion yen, enabling a substantial reduction in the proposed rate hike.

The Ministry of Finance and the MPT have agreed to confer on a review of NTT operations to include the issue of decentralization during fiscal year 1995, but discussions on those topics are not visible in council discussions about rate hikes. NTT President Hitoshi Kojima continues to say, "It is necessary for NTT to assume an appropriate degree of responsibility in connection with multimedia," but competitor firms are critical, asking, "Is NTT alone going to be designated for construction of the information-telecommunications infrastructure for the 21st century without any outside competition?"

We have reached a stage where the establishment of an information-telecommunications infrastructure and the status of NTT should be determined and the rate hike discussion held. However, Telecommunications Bureau officials are impatient, saying, "We have no time for a time-consuming study." It says that, even if the implementation date for rate hikes is postponed until next year, approval should be completed by early fall 1994. Telecommunications Bureau officials also feel that, because many officials in the MPT side with Shinseito [Japan Renewal Party], if action is not taken to raise rates out of a feeling of obligation to the last administration which froze public utility rates, "There is the risk that we may fall out of favor with the current Liberal Democratic Party-Social Democratic Party of Japan government." However, it appears that the MPT may be abandoning visions of the future in an effort to make a hasty decision on rate hikes.

Lack of Rules for Satellites Viewed

942A0533A Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Aug 94 p 3

[Text] There are many plans for launching satellites over the skies of Asia. However, the absence of penalties in the international agreement established by the International Telecommunications Union (ITU), an agency of the United Nations, precludes any action to forcibly stop plans for additional satellite launches even if they run the risk of adversely affecting satellites already in orbit. This condition increases the importance of international coordination. Further, the use of surface communications frequencies and construction of optical-fiber networks will probably be topics for consideration under telecommunications policies to reduce dependence on satellites.

A Ministry of Posts and Telecommunications [MPT] survey of plans to launch satellites by East Asian countries as of the end of 1993 included 17 for China, 16 for Japan, 11 for Tonga, six for Singapore, three for Malaysia, and 211 [as published] for South Korea. The managing director and deputy head of the network headquarters for Kokusai Denshin Denwa (KDD) comments, "Construction of domestic telecommunications infrastructure or television networks is costly and time-consuming. In comparison, satellites provide a quick telecommunication infrastructure."

A boom in satellite launches such as that experienced in Europe in the 1980's is definitely about to repeat itself in Asia.

A crucial point that comes into play in this situation is the rule stipulated for satellite launches in the Telecommunications Treaty sponsored by the ITU. The rule states, "If a new launch runs the risk of interfering with existing satellites, the issue should be coordinated in advance among concerned nations and, if the matter cannot be coordinated, the launch will be canceled," but the treaty is strictly a gentlemen's agreement and has no mandatory enforcement authority.

In its recent launch of a telecommunications satellite, China made no effort to coordinate the launch beforehand; Japan approached China for coordination, but the latter rejected a request for modification of the orbit.

In the future, if Japan decides to launch a satellite, it is conceivable that it will have to coordinate with China. That being the case, MPT officials say, "We did not want to leave China with any ill feelings," restraining any idea by the Japanese Government to negotiate with a high-handed approach with the Chinese Government.

A plan has been presented to allocate the number of satellites permissible for each nation as a means of resolving the current defective approach of "First come means establishment of vested rights," but even this idea seems to face difficulty because of fear by industrialized nations that they may lose their "vested rights." International negotiations in this area are expected to be heated.

On the other hand, the construction of systems "which do not depend excessively on satellites" will probably become important too.

For the time being, there are situations which call for the use of satellites because of technical considerations such as emergency communication systems and communications with remote islands. Communications for other purposes could be handled via the expansion and increased efficiencies in related facilities which use surface communications frequencies such as conventional television broadcasting and optical-fiber networks, in lieu of satellite communications.

For example, broadcasts from overseas can be received via communications lines and transmitted to households via cable systems or surface communications frequencies.

"Congestion" in near-term static satellite positions in space may call for accelerated implementation of the MPT program to "build optical-fiber networks ramping up into each household by the year 2010."

Marubeni To Expand Into Rice Business

OW1108105894 Tokyo KYODO in English 1039 GMT 11 Aug 94

[Text] Tokyo, Aug. 11 KYODO—Marubeni Corp. plans to expand into the rice business by taking a majority stake in a major rice distributor, making it the first major Japanese trading house to do so, company officials said Thursday [11 August].

The planned purchase of a controlling stake in Ichikawa act co. In Ebina, Kanagawa Prefecture, comes amid a move by the government to deregulate the rice market.

Under the Food Control Law, the government now tightly regulates production and distribution of rice, leaving major trading houses out of the rice business to date. But the Agriculture Policy Council, an advisory panel to the farm minister, is set to present a report Friday calling for abolition of the law.

Ichikawa Act [name as received] reported sales of 13.2 billion yen for the year ended Sept. 30, 1993, making it one of the largest rice retailers in terms of sales. The company, known as a key supplier of rice made available through unofficial distribution channels to major restaurants, has been grappling with the financial pinch caused by failed stock investments during the so-called bubble economy of the late 1980s.

MITI Forms Environment Policy Group

942A0515A Tokyo NIKKAN KOGYO SHIMBUN in Japanese 20 Jul 94 p 2

[Text] The Ministry of International Trade and Industry [MITI] has established the "Basic Materials Industries Discussion Group" comprised of the presidents of six major companies in the steel, nonferrous metals, chemical, paper and pulp, cement, and plate glass industries and the directors of both the Basic Industries Bureau and Consumer Goods Industries Bureau in order to deal with common issues of the materials industries, such as strengthening international competition, providing technology development bases, and environment preservation measures. It will hold its first meeting on 26 July. It will study the ideal way to strengthen production and supply systems by business tie-ups and the state of the future such as measures to make use of production technology unique to the materials industries in the problems of garbage and soil pollution. With the advance of the high yen and the fall in domestic demand, it is viewed that the production amount ratio which the materials industries occupy in industry overall will drop in the future and they are striving for survival by working out side aspects with new social development industries closely tied to life such as environmental measures. The members of the Basic Materials Industries Discussion Group are presidents Takashi Imai of Nippon Steel, Akihiko Shinozaki of Sumitomo Metal Mining, Hiromichi Seya of Asahi Glass, Shoichi Tatemoto of Sumitomo Cement, Masahiko Furukawa of Mitsubishi Kasei, and Takeshiro Miyashita of Nippon Seishi. Meetings will be held once a month, and they will freely discuss industry undertakings and policy issues. Policy proposals and demands on the government will be made as occasion calls, but no reports will be compiled since it is not an advisory agency. The establishment of an organization that straddles two primary bureaus in the ministry is said to be rare. In the discussion group, they will discuss problem points and search for the ideals desired for strengthening the constitution of firms from the aspects of reviewing business tie-ups such as mergers, consignment and commissioning of production, and transfer of unprofitable divisions and surplus item categories, quality, and business practices and of creating demand such as development of new enterprises and products by deregulation. In environmental measures, the group apply production technology for the materials industries dealing with 1) ultrahigh temperatures, 2) mass production, and 3) rapid chemical reactions to garbage disposal technology, and will discuss creation of systems for comprehensive application and energy-saving and recycling measures. Specifically, they will make use of cement industry calcination technology and use sludge as a raw material for cement, and make use of high-temperature processing technology in the steel industry for artificial aggregation of city garbage. Regarding provision of a base for promoting technology development, they will discuss the need for a data base concerning the life of new materials and safety testing and evaluation of chemical products and for an information network tying together test development agencies such as the Albumen Engineering Laboratory, national research institutions, and corporate research centers; the policy will be to keep working on future measures.

North Korea

Ministry Demands Nuclear States Revise Policies

SK1208111994 Pyongyang KCNA in English 1110 GMT 12 Aug 94

["Nuclear Weapon States Must Revise Policies on Use of Nuclear Weapons, Foreign Ministry Spokesman"—KCNA headline]

[Text] Pyongyang, August 12 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea today answered a question put by KCNA on the failure of the nuclear weapon states to revise their policies concerning the use of nuclear weapons still today when the Cold War has come to an end.

He said:

The world people have desired from long ago to live in peace in a world free from nuclear weapons and war. That is why they are demanding the complete abolition of the nuclear weapons.

The states possessed of nuclear weapons, however, refuse to renounce their anachronistic scheme to perpetuate their monopoly of nuclear weapons till today when the Cold War has ended. They continue to try to legalize the possession of nuclear weapons, claiming that the nuclear weapons are "a means of preemptive attack and retaliation" and "war deterrent."

Among the nuclear weapon states there are now countries which do not rule out the possibility of the use of nuclear weapons under the pretext of "flexible response," countries which contend that both the nuclear and conventional wars must be countered with nuclear weapons and countries which have formally abandoned the "principle of non-use of nuclear weapons in a preemptive attack" which they had maintained for scores of years. Such acts of the nuclear weapon states are giving rise to a nuclear arms race and obstructing the progress of the discussion of the question of overall nuclear disarmament by fostering distrust among them.

Facts show the danger of nuclear war and nuclear proliferation will increase unless the nuclear weapon states take significant measures for a total abolition of nuclear weapons.

For the present, the nuclear weapon states must commit themselves to the unconditional non-use of nuclear weapons against non-nuclear states and quickly accede to the signing of a treaty on the non-use of nuclear weapons in a preemptive attack and a total ban on the use of nuclear weapons. This will be the first process in making the existence of nuclear weapons meaningless on our planet.

The issues of reduction of nuclear weapons, conclusion of a treaty on the total nuclear test ban and extension of the validity of the Non-Proliferation Treaty, which are under international debate, must be led to a total abolition of nuclear weapons and must be premised on it. It is self-evident that if this basic question is neglected and the monopoly of nuclear weapons by the nuclear weapon states continues, nuclear disarmament will not be realised at all.

The DPRK-USA talks must make a substantial contribution to a fundamental solution to the nuclear issue on the Korean peninsula and preservation of peace and security in this region. If both the DPRK and the United States make joint efforts to solve the problem on the principle of impartiality and equality with mutual confidence, they will bear a good fruit.

U.S.-DPRK Statement Awaits 'Endorsement'

OW1208101994 Tokyo KYODO in English 1005 GMT 12 Aug 94

[Text] Geneva, Aug. 12 KYODO—Representatives from the United States and North Korea at the high-level nuclear talks are waiting for the endorsement of their respective capitals for a joint statement they plan to issue later Friday (12 August].

According to a North Korean diplomat, working-level experts prepared a "joint statement text of agreement and both delegations are now waiting for the endorsement of both capitals."

The diplomat said the experts "considered various issues including the provision of (a) light-water reactor and normalization of relations between both countries in return for freezing of nuclear activities of North Korea." The full delegations from both sides will meet Friday afternoon, he said.

Earlier, diplomatic sources said the two countries expected to end a week of talks with an agreement to a provisional extension of a storage period, without reprocessing, for North Korea's spent nuclear fuel rods. In addition to temporarily extending the storage of the rods in a cooling pond in Yongbyon, north of Pyongyang, the two countries are expected to announce their agreement to continue negotiations, the sources said.

The fate of some 8,000 nuclear fuel rods downloaded from a 5- megawatt nuclear reactor in may and June has been a focal point of the critical bargaining as the rods can be reprocessed to produce enough plutonium for several nuclear bombs.

U.S. Assistant Secretary of State Robert Gallucci and North Korean First Vice Foreign Minister Kang Sok-chu are expected to wrap up the talks that began last Friday by issuing a statement on several points of agreement, the sources said.

During this third round of talks with North Korea, Gallucci proposed providing Pyongyang with light-water nuclear reactors at a cost of 4 billion dollars each to replace its graphite-moderated reactors, the sources said. Light-water reactors produce less plutonium. The sophisticated reactors to be provided will probably be a Russian-built model in spite of assertions from Seoul and Tokyo that North Korea should adopt a South Korean model, the sources said. Final agreement on this issue may be deferred to the months ahead as Japan, South Korea, Russia and the U.S. have not settled their differences over the matter, they said.

An informed source said North Korea will accept technical assistance that would put a halt to the corrosion of the fuel rods only "for one to two months." In view of the limited effectiveness of the anticorrosive measures Pyongyang is willing to accept, emergency talks may be needed soon to decide the ultimate fate of the fuel rods, the source said. The U.S. has been urging Pyongyang to extract plutonium from the rods in a third country or to refrain from reprocessing the rods altogether to prevent diversion of plutonium to nuclear weapons.

ROK 'Military Provocation' in DMZ Alleged

SK1208044394 Pyongyang KCNA in English 0437 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—The South Korean puppets committed a military provocation of getting on our nerves by continuously bringing armed bandits and heavy weapons into the Demilitarized Zone (DMZ) and deploying them, according to military sources.

On August 9, the puppets introduced two 90mm recoilless guns and a 12.7mm large-calibre machine-gun into the DMZ, while scores of armed bandits took positions to be on a militant alert.

On the 8th and 9th, the puppets built combat positions and military facilities in the DMZ.

On the 10th, hundreds of armed bandits of the puppet army incited a terror-ridden war atmosphere, running wild in the DMZ.

The armed bandits illegally brought by the puppets in the DMZ from August 5 to 10 numbered over 3,100.

Vehicles of different types introduced by the puppets in the DMZ from August 1 to 10 totalled more than 1,700.

ROK Attempt To Stop Pannational Rally Viewed

SK1208112294 Pyongyang KCNA in English 1053 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—NODONG SINMUN and MINJU CHOSON today denounce the South Korean rulers who walked away the co-leader and executive chairman of the South side headquarters for the promotion of the pan-national rally (PNR) before the opening of the fifth PNR in Seoul, and announced that they would blockade the venues of its functions at the initial stage and mercilessly crack down on all rallies and demonstrations.

Branding this as a desperate act to block the people's sentiments running toward reunification, an unpardonable challenge to the ardent desire of the whole nation for reunification and an anti- national, anti-reunification crime, a NODONG SINMUN analyst says:

The August 15 PNR is not a rally for one side to abuse and attack or oppose and remove the other side. Moreover, the fifth PNR is the most significant reunification festival which will be held amid great expectations and interests of the entire fellow countrymen this year which is set as "a year of great national unity".

The South Korean "civilian" ruling group, however, revealed more clearly their criminal nature in seeking only North-South confrontation, not national reconciliation, unity and reunification, challenging the will of the fellow countrymen for reunification.

But the Kim Yong-sam group must clearly see that to achieve reunification in the 90s through great unity of the whole nation without fail is the unshakable will of the fellow countrymen and no force on earth can break it.

A signed commentary of MINJU CHOSON says the Kim Yong-sam group took away and detained officials of the South side headquarters for the promotion of the PNR beforehand to frustrate the rally scheduled in Seoul and issued bestial repressive orders against universities. Such practice was not noticed in the "Sixth Republic"; it clearly shows that the Kim Yong-sam group is an anti-reunification group outdistancing the preceding dictators by far, the paper notes.

Kim Yong-sam Group Criticized

SK1208050794 Pyongyang KCNA in English 0434 GMT 12 Aug 94

["Desperate Effort To Frustrate PNR"—KCNA headline]

[Text] Pyongyang, August 12 (KCNA)—The Kim Yong-sam group is desperately wielding the bayonet to block the 5th Pan-National Rally (PNR) scheduled in Seoul.

It was reported that the Kim Yong-sam fascist group on August 9 decided not to permit the 5th PNR and issued a repressive order to totally block the reunification festival with the mobilization of a large police force.

The "Seoul police office" walked off co-leader Yi Chang-pok and Executive Chairman Hwang In-song of the South side headquarters for the promotion of the PNR that day.

The fascist group on August 10 searched the office of the South side headquarters for the promotion of the PNR and the offices of the National Alliance for Democracy and Reunification.

The fascist police is now frantically searching 65 dissident organisations including 16 organisations affiliated with the National Alliance for Democracy and Reunification which joined the South side headquarters for the promotion of the PNR.

This is a folly that can be committed only by a group of arch traitors who dislike national reconciliation and unity and seek division and confrontation.

With this brutal fascist suppression outdistancing the military dictators of the "fifth and sixth republics" the Kim Yong-sam group is foolishly trying to keep popular sentiments from running toward the North and bridge over the crisis of the fascist "civilian regime" isolated and rejected by the people.

This is no more than a last-ditch effort of those who are driven to a tight corner.

The Kim Yong-sam group must clearly see the nation's will for reunification, stop the suppression of the pro-reunification patriotic forces including the South side headquarters, immediately release the detainees and give up at once its criminal attempt to frustrate the Seoul PNR.

Pomminnyon Spokesman Views Pannational Rally

SK1208044194 Pyongyang KCNA in English 0422 GMT 12 Aug 94

[Text] Pyongyang, August 11 (KCNA)—A spokesman of the North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) answered questions put by KCNA today concerning the 5th pan-national rally (PNR).

The spokesman first briefed KCNA on the programme of the 5th PNR in Pyongyang and its preparations.

The 5th PNR in Pyongyang will be held for three days from August 13 to 15 as scheduled.

A large-scale "Rally for reunification in the 90s" will be held in front of the statue of the great leader President Kim Il-song on Mansu Hill on August 13 to vow to fulfill his behests for reunification. And a "grand seminar on national reunification" will take place at the People's Palace of Culture on August 14.

A "forum of youth and students for national reunification in the 90s" will be held as a grand reunification festival of youth and students within the framework of the PNR on the afternoon of August 14, sponsored by the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghaknyon).

The 5th PNR will be held with a large attendance at the February 8 House of Culture and an enlarged meeting of the Central Committee of the North side headquarters of Pomchonghaknyon on August 15.

An "evening of culture for reunification" will take place on August 15 as the last function of the PNR.

The Preparatory Committee for the PNR is making thoroughgoing preparations to make the upcoming PNR a grand and significant reunification festival which will mark a turning point for reunification in the 90s.

The selection of delegates to the PNR has been completed and material and technical preparations for the functions of the PNR are being made at the final stage.

The spokesman continued:

As agreed at the second meeting of the presidium of Pomminnyon on May 26, the North side has decided to dispatch delegations separately to the pan-national rally to be held overseas and in the South side and receive delegations from the South side and the overseas side. It will send ten delegates of the North side to Seoul through Panmunjom on August 14 and five delegates to Tokyo on August 13.

The North side headquarters of Pomminnyon and the North side headquarters of Pomchonghaknyon will cordially greet the delegates of the overseas side who will arrive in Pyongyang from August 12 and will also warmly welcome the delegates from the South side in case they come.

The spokesman expressed great expectation that the 5th PNR will successfully open in Seoul.

He strongly denounced the South Korean authorities for suddenly arresting those related to the Seoul PNR including Yi Chang-bok and Hwang In-song.

He expressed the belief that the South Korean personages of various strata and students would successfully open the PNR, countering the authorities' harsh suppression and divisive and disruptive acts with unity and successfully adopt at the PNR joint documents including the joint resolution, together with the North side and the overseas side, respecting the tradition of the four previous pan-national rallies, so as to demonstrate the might of the solidarity and joint action of the whole nation and give the entire fellow countrymen new hope for national unity and reunification.

Overseas Groups Reportedly Denounce Kim Yong-sam

SK1208042194 Pyongyang KCNA in English 0402 GMT 12 Aug 94

[Text] Pyongyang, August 11 (KCNA)—Traitor Kim Yong-sam has come under fire in different countries for desperately launching anti-DPRK, anti-popular moves, far from expressing condolences on the death of the great leader President Kim Il-song.

The Mozambican Committee for Friendship With the People of the DPRK said in a statement July 28:

"When the world's people are overcome by sorrow at the loss of President Kim Il-song, the great leader of the Korean revolution and the world revolution, the Kim Yong-sam group of South Korea has let loose police to suppress, arrest and imprison the people expressing condolences. The traitor Kim Yong-sam is a wretch inferior to the beast, who ignores ethics and morality, does not have conscience and blood of a human being and pays no heed to the fellow countrymen."

"Korea's reunification can not be expected without ousting the Kim Yong-sam group who has shipped into South Korea a large quantity of nuclear and other weapons of destruction," the statement stressed, and said: "The Kim Yong-sam group will certainly face the curses and judgment by the Korean people and the world's people."

The Nepal-Korea Friendship Association said in a statement August 1 that the deed of Kim Yong-sam fully revealed to the world the shamelessness of him without a shred of national conscience, inviting indignation and condemnation from the world's people.

The Congolese Committee for Supporting the Proposal of Founding the Democratic Confederal Republic of Koryo in a recent statement branded as a clan inferior to the beast the South Korean authorities who behaved without the elementary national etiquette or conscience at a time when the Korean people were overcome by bitterest grief at the death of comrade President Kim Il-song.

ROK Seeking 'Confrontation' on Condolence Issue

SK1208105094 Pyongyang KCNA in English 1038 GMT 12 Aug 94

["Reactionary Regime Seeking North-South Confrontation"—KCNA headline]

[Text] Pyongyang, August 12 (KCNA)—The Kim Yong-sam regime of South Korea, afraid of national reconciliation, unity and reunification which all the fellow countrymen want, is obstructing them by every conceivable means, while seeking confrontation, says NODONG SINMUN in a by-lined article today.

The article says:

When we were in deep grief at the loss of the great leader President Kim Il-song, it issued "an emergency order" to direct the guns of the puppet army to the North, staged anti-North military manoeuvres including "the 94 Army war supply exercise" and, at the same time, committed military provocations by illegally bringing heavy weapons and armed bandits into the demilitarized zone of the Military Demarcation Line almost every day. It has also harshly suppressed those who wanted to share the sorrow with the fellow countrymen in the North and those who follow the chuche idea, linking them with the North.

A scorched-earth operation against the forces for independence, democracy and reunification has been launched in South Korea with the mobilization of all the fascist repressive forces.

The present rulers advertizing "civilian administration" are more malicious than the preceding military fascist dictators in seeking North-South confrontation.

The situation of the Korean peninsula is becoming all the more acute with each passing day due to the anti-communist hysterics of the South Korean rulers.

All the Koreans in the North, South and overseas who hope for reunification in the '90s find it hard to repress their smouldering resentment at their anti-communist confrontation moves.

The Kim Yong-sam group is trying to find a way out in a harsher crackdown on the pro-reunification democratic forces of South Korea and North-South confrontation. But this will lead it to destruction.

Sale of U.S. Missiles to ROK Denounced

SK1208105294 Pyongyang KCNA in English 1039 GMT 12 Aug 94

["Acts of Seeking Confrontation"—KCNA headline]

[Text] Pyongyang, August 12 (KCNA)—The United States decided to sell Stinger anti-aircraft missiles to South Korea, according to a radio report from Seoul on August 11.

This missile is a weapon of latest type which has not been sold to any other country but a few countries including NATO nations.

This proves that the U.S. warlikers and the South Korean puppets are making haste with preparations for a war against the North, seeking confrontation as ever.

U.S. Urges ROK National Security Law Repeal

SK1208044994 Pyongyang KCNA in English 0440 GMT 12 Aug 94

["Revision or Repeal of 'NSL' in S. Korea Demanded by U.S. State Department"—KCNA headline]

[Text] Pyongyang, August 12 (KCNA)—The U.S. State Department in a special statement on August 11 demanded that South Korea revise or repeal the "National Security Law" (NSL), according to a report from Washington.

Pointing out that the South Korean "government" is these days applying the "NSL" in arresting students and ordinary people, the statement said that the United States hoped still that South Korea would revise or repeal the law.

It added that the United States had expressed concern over the possible encroachment upon human rights by the "NSL" in South Korea.

Noting that the "NSL" is still in force in South Korea, though the "regime" changed, the statement repeatedly manifested the U.S. position of hoping for the revision or repeal of the law.

The U.S. State Department published this statement after a meeting of long hours on August 11.

In March when the speech of a U.S. deputy assistant secretary of state that the United States hoped for the scrapping of the "NSL" by South Korea surfaced as a controversial problem, State Secretary Warren Christopher made it clear that the repeal of the "NSL" was an official stand of the U.S. Administration.

Birthday Banquet Held for U.S.-Resident Korean

SK1208113294 Pyongyang KCNA in English 1047 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—A banquet on the 80th birthday of Son Won-tae, a U.S.-resident Korean, was given in Pyongyang on Thursday on the authorisation of Comrade Kim Chong-il, the dear leader of our party and people.

Yi Chong-ok, vice-president of the Democratic People's Republic of Korea, in his congratulatory speech at the banquet said that Comrade Kim Chong-il prepared the significant feast and saw the grand banquet was given on the 80th birthday of Mr. Son.

"Three years ago, the great leader President Kim Il-song, taking to heart that no feast for the birthday of Mr. Son had ever been arranged in the homeland, said he, as his elder brother, would personally arrange it on Mr. Son's 80th birthday and told Mr. Son not to fail to come to the homeland on his birthday," Yi Chong-ok said:

"Already in May this year, the fatherly leader had the large jewel picture 'Pine tree and cranes' made as a gift on his 80th birthday to be greeted today," Yi said, and went on:

"The large jewel picture 'Pine tree and cranes' represents a green pine tree and eight cranes with the words 'On the 80th birthday of comrade Son Won-tae and the signature of the fatherly leader on it. This shows the great care of our leader wishing the health and longevity of Mr. Son and his happiness."

Yi Chong-ok said the 80th birthday table for Mr. Son has been prepared in such a grand style by Comrade Kim Chong-il who is faithfully carrying the behests of the fatherly leader into practice.

Speaking in reply, Son Won-tae said:

"President Kim Il-song, for 80 years from the days of my boyhood when I was just taking the first step into life to this date, took utmost care for me and kindly guided me till I have reached the advanced age of eighty so that I could live as a patriot loving the country and the nation with clean conscience and intelligence."

Saying that dear Kim Chong-il is, immediately, respected President Kim Il-song and the great sun of the white-clad (Korean) nation, Mr. Son said:

"With the deepest respect and reverence of me and my family and friends, I express most heartfelt thanks to Comrade Kim Chong-il who has bestowed upon me this glory today by adding love of several dozen fold to the behests of the fatherly leader."

Mr. Son pledged to carry beyond his grave his gratitude for the favors for him which are succeeded and are growing through years, by guiding his children to revere President Kim Il-song and Mr. Kim Chong-il who have shown such great kindness to his family as the senior fathers of the family and remain loyal to them through generations.

Concluding his speech, Mr. Son prayed for the soul of the respected leader President Kim Il-song with deepest piety.

Poets Pak Ho-pom, Choe No-sa and Kim Song-cho recited impromptu poems congratulating Son Won-tae on his birthday.

Gift Prepared by Kim Il-song

SK1208050394 Pyongyang KCNA in English 0447 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—A gift which had been prepared by the great leader President Kim Il-song in his lifetime for the 80th birthday of U.S.-resident Korean Son Won-tae was conveyed to him on August 11.

The gift was handed to Mr. Son on a visit to the homeland by vice-president of the DPRK Yi Chong-ok.

The large gem picture "pine tree and cranes" represents a green pine tree and eight cranes with the words "on the 80th birthday of comrade Son Won-tae" and the signature of President Kim Il-song on it.

Officials Attend Gathering at Russian Embassy

SK1208045894 Pyongyang KCNA in English 0442 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—A friendly gathering was held at the Russian Embassy in Korea on August 11 on the occasion of the 49th anniversary of the Korean liberation.

Present were Song Ho-kyong, vice-minister of foreign affairs, Yi Pong-hui, vice-chairman of the Radio and TV Broadcasting Committee of the Democratic People's Republic of Korea and chairman of the Korea-Russia Friendship Society, and other officials concerned.

Also present were Russian Ambassador Yuri Fadeyev and embassy officials.

Speeches were made at the gathering.

Russian Newspaper Travelogue Praises Pyongyang

SK1208042094 Pyongyang KCNA in English 0407 GMT 12 Aug 94

[Text] Pyongyang, August 11 (KCNA)—The Russian paper PATRIOT NO.31 carried a travelogue on Korea by Mikhail Zemskov and Nikolay Ritbinov under the title "Along One's Own Path."

In the travelogue the authors said that streets and boulevard of Pyongyang where flowers were in bloom were wonderfully clean and the people were dressed in their own peculiar clothes with national characters according to fashion and taste.

The authors said:

The Korean people are an organized and disciplined people, people who understand politics and love political activists loyal to the chuche idea and the idea of socialism.

They link everything taking place in the country, everything achieved by the republic to Korean-style socialism, the chuche idea and the august names of their leaders.

People visited the old home in Mangyongdae, the cradle of the Korean revolution, where the leader of the Korean people Comrade Kim Il-song was born, and expressed thanks to their leader. We were struck with admiration at this.

Comrade Kim Chong-il, an energetic thinker and theoretician, has developed and enriched the chuche idea founded by Comrade Kim Il-song.

Korea has spared nothing for the children, the future of the republic. The Mangyongdae School Children's Palace, the Pyongyang Senior Middle School No.1 and others have been built fine and the children are growing up well.

Comparing the happy life of the Korean people with the unstable life of the Russian people, the authors said that a country, once rich, has driven into a hell of poverty just because there was not a genuine master in Russia.

We could not but envy Korea where there are the people, a genuine master of the country and which is led by the leader Comrade Kim Chong-il who is unfailingly loyal to them and warmly loves them, the authors stressed.

Film Show Marks Month of Solidarity With Cuba

SK1208050894 Pyongyang KCNA in English 0449 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—A film show was held at the Korea-Cuba Friendship Pyongyang Textile Machine Factory on August 11 on the month of solidarity with the Cuban people.

Present on invitation were Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and embassy officials.

Attending were Yi Chin-su, vice-chairman of the Central Committee of the General Federation of Trade Unions of Korea and vice-chairman of the Korea-Cuba Solidarity Committee, officials concerned and employees of the factory.

The participants saw the Cuban feature film "Underground Fighters".

Party Sends Greetings to Canada Communist Party

SK1208113594 Pyongyang KCNA in English 1102 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—The Central Committee of the Workers' Party of Korea today sent a message of greetings to the 16th convention of the Communist Party of Canada (Marxism-Leninism).

The message said the 16th convention would mark a historic occasion in the struggle to defend the socialist idea and build the party into a mass party of the working people.

The message expressed the belief that the friendly and cooperative relations between the two parties would grow stronger and develop in joint struggle to defend and advance the socialist cause and sincerely wished the convention great success in its work.

Foreign Leaders, Publications Laud Kim Chong-il

SK1208045694 Pyongyang KCNA in English 0429 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—Foreign party leaders and publications highly lauded the greatness of the dear leader Comrade Kim Chong-il.

Jean Spielmann, national president of the Workers' Party of Switzerland, said:

"We have seen the revolution coming to a failure in some socialist countries for the absence of the successor or for the wrong selection of the successor.

"How fortunate it is that Comrade Kim Chong-il has long since led the overall affairs of the party and the army.

"The Workers' Party of Korea, which has perfectly solved the question of the successor, is the only party that is building socialism without turns or twists."

Roger Dafflon, who was once a Politburo member of the Workers' Party of Switzerland, said:

"Comrade Kim Chong-il is a great leader. Look round the world. Where is such a prominent and great leader as Comrade Kim Chong-il? In the face of his clairvoyance and sagacity as an outstanding statesman, military strategist and thinker and theoretician, the United States is led by the nose and South Korea subdued."

Juan Ramos, general secretary of the Communist Party of the peoples of Spain, expressed the belief that the Korean people under the leadership of Comrade Kim Chong-il would register a great success in the efforts for the reunification of the country and socialism.

The Nepali paper ARPAN said in an article titled "Leadership Ability of His Excellency Kim Chong-il":

The Korean people have long since upheld his excellency Kim Chong-il as the supreme leader of the party, the state and the army and enjoyed his wise leadership.

His excellency dear Kim Chong-il is the great leader of the Korean people who gives energetic guidance for the accomplishment of the revolutionary cause of chuche started by President Kim Il-song.

Not only an outstanding leader but also the supreme commander, he has strengthened the defence capabilities of the country and turned Korea into one of the powerful states in the world.

He is a great leader with deep love for the people, noble virtues and outstanding leadership ability.

Thanks to his leadership, Korea will shine more brightly and prosper.

Klas Kampen, the organ of the Workers' Communist Party of Norway, and Solidaire, the organ of the Belgian Labour Party, carried articles praising the greatness of Comrade Kim Chong-il.

LSWYK Officials Vow Loyalty to Kim Chong-il

SK1208043494 Pyongyang KCNA in English 0413 GMT 12 Aug 94

[Text] Pyongyang, August 11 (KCNA)—Officials of the League of Socialist Working Youth of Korea (LSWYK) from all parts of the country met before the statue of the great leader President Kim Il-song on Mansu Hill here today and vowed to remain loyal to respected General Kim Chong-il, true to the behests of the great leader.

They laid wreaths and bouquets of flowers before the statue with deep reverence and observed a silent tribute.

Choe Yong-hae, chairman of the Central Committee of the LSWYK, read their letter of pledge to the great leader of our party and our people Comrade Kim Chong-il .

The letter says that all the LSWYK officials are determined to remain loyal to the dear leader Comrade Kim Chong-il, the supreme commander, with a single heart, true to the behests of the respected leader President Kim Il-song. It also says they will become a loyal vanguard in defending the idea and feats of President Kim Il-song and successfully accomplishing the cause of socialism of chuche under the leadership of respected General Kim Chong-il, holding high the slogan "Let us arm ourselves more thoroughly with the revolutionary idea of the great leader Comrade Kim Il-song!"

"We will unite in one mind around the great General Kim Chong-il, share the destiny always with him and faithfully follow him and prepare all the young people and children of the country to be 8 million rifles and bombs defending him with their lives and to be loyal and filial subjects who do their utmost for his safety and long life in good health," says.

The speakers at the meeting stressed that the great leader Comrade Kim Il-song is always with the Korean people and vowed to defend and exalt Korean-style socialism and accomplish the historical cause of national reunification without fail, remaining unfailingly loyal to the leadership of respected General Kim Chong-il, true to the behests of President Kim Il-song.

Poems Express People's Loyalty to Kim Chong-il

SK1208113494 Pyongyang KCNA in English 1059 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—Korean people of different walks of life compose poems carrying their heartfelt pledge and loyal oath.

The Central Committee of the Korean Writers' Union and the editorial board of NODONG SINMUN receive hundreds of poems every day.

The poems reflect the faith and will of the people to change the bitterest grief at the loss of the father of the grand family of the whole country into thousand-fold strength and courage, uphold the dear leader Comrade Kim Chong-il at the head of the party and the revolution and remain loyal to his leadership.

Choe Yong-ho, a soldier of the Korean People's Army, in his poem "I Want To Say Today" calls on people not to forget the sorrow of today when the sky cries, the earth trembles and mankind wails but to defend respected General Kim Chong-il, who is their destiny, with their lives and work better at their revolutionary posts.

Pak Ung-chon, secretary of the Sinpyong County, North Hwanghae Province, committee of the Workers' Party of Korea; Kim In-ho in Saegil-ri, Sinchon County, South Hwanghae Province; Yi Chol-pong, a teacher of the Pupyong Senior Middle School in Chongpyong County, South Hamgyong Province; and Tak Pyong-sik, a worker of the Pyongyang foam prefab concrete parts factory, in their poems pledged themselves to uphold Comrade Kim Chong-il with more intense loyalty and filial piety than they did the fatherly leader President Kim Il- song and creditably accomplish the revolutionary cause of chuche as wished by the leader in his lifetime.

The people's iron will and faith to be a citadel and a shield defending Supreme Commander Comrade Kim Chong-il with their lives are seen in the poem "General, We Are Behind You."

To the last drop of blood,

Till our bones are shattered to pieces

We will defend you, general.

When you give an order

We will become

Bayonet and bomb.

Many poems reflect the firm determination of the people to regard dear Comrade Kim Chong-il as their eternal mental support and follow him to the end, no matter which way the wind may blow and how many times the world may change.

The typical poems are "Pledge of Faith," "Path Trodden by the Leader" and "Motherland, Forward."

Kim Chong-il Thanks Foreign Party, State Leaders

SK1208115494 Pyongyang KCNA in English 1008 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—The dear leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, sent messages to foreign party and state leaders and individual figures in reply to their messages of condolence over the death of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

He replied to Yasir 'Arafat, chairman of the Executive Committee of the Palestine Liberation Organisation, president of the State of Palestine and head of the National Authority of Palestine; Muhammad Husni Mubarak, president of the Arab Republic of Egypt; Hafez al Asad, general secretary of the Arab Socialist Baath Party and president of the Syrian Arab Republic; Mu'ammar al-Qadhdhafi, leader of the great September First Revolution of the great Socialist People's Libyan Arab Jamahiriya; Lamine Zeroual, president of the Algerian Democratic and People's Republic; Ilyas al-Hirawi, president of the Republic of Lebanon; Jabir al-Ahmad al-Jabir al- Sabah, amir of the state of Kuwait, and Shaykh Sa'ad al-'Abdallah al-Salim al-Sabah, heir to the amir and prime minister of Kuwait; Khalifah Bin Hamad Al Thani, amir of the state of Qatar; Glavkos Kliridhis, president of the Republic of Cyprus; Qaboos Bin said Al Said, sultan of Oman; Husayn the First, king of Jordan; Saddam Husayn, president of the Republic of Iraq; Ali Abdullah Saleh, president of the Presidential Council of the Republic of Yemen; El Hadj Omar Bongo, president of the Republic of Gabon; President Cassam Uteem and Prime Minister Aneerood Jugnauth of the Republic of Mauritius; Mohamed Abdelaziz, secretary general of the Polisario Front and president of the Saharan Arab Democratic Republic; Omar Hassan Ahmed Al-Bashir, president of the Republic of the Sudan; Ange Patasse, president of the Central African Republic; Barkad Goured Hamadou, prime minister of the Republic of Djibouti; Idris Deby, president and head of state of the Republic of Chad; Said Mohamed Djohar, president of the Federal Islamic Republic of Comoros; Issayas Afeworki, president of the state of Eritrea; Meles Zenawi, president and president of the Council of Representatives of the transitional Government of Ethiopia; Jean-Maria Leye Renelgau Manatawai, president of the Republic Vanuatu; Martti Ahtisaari, president of the Republic of Finland; President Vigdis Finnbogadottir and Prime Minister David Oddsson of the Republic of Iceland; Garib Newaz, president of the Bangladesh People's League; Cassim Salam, general secretary of the Yemeni Regional Leadership of the Arab Socialist Baath Party; Huudu Yahaya, general secretary of the National Democratic Congress of Ghana; Roopert Roopnarape, co- leader of the Working People's Union of Guyana; Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; and Milomir Minic, general secretary of the Socialist Party of Serbia.

Comrade Kim Chong-il also replied to Hamad Bin Khalifa Al-Thani, heir to the amir and minister of defence of Qatar; Rodrigo Carazo, former president of Costa Rica and chairman of the International Committee for the Peaceful Reunification of Korea; Edward Shreyer, former governor-general of Canada and member of the International Committee for the Peaceful Reunification of Korea; Arturo Sucre, former president of Panama; Toshiki Kaifu, former prime minister and member of the House of Representatives of Japan; Shin Kanemaru, former deputy prime minister of Japan; and Tokuma Utsunomiya, ex- member of the House of Councillors of Japan; Billy Graham, religious leader of the United States; Santiago Carrillo, former chairman of the Central Committee of the Spanish Workers' Party; and Bhichai Rattakul, ex-leader of the Democratic Party of Thailand.

In the reply messages, Comrade Kim Chong-il expressed deep thanks to them for their messages of deep condolence and consolation over the death of President Kim Il-song.

Egyptian Attaches Visit Kim Il-song Statue

SK1208112694 Pyongyang KCNA in English 1012 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—The outgoing and new military attaches of the Egyptian Embassy here visited the statue of the great leader President Kim Il-song standing on Mansu Hill Thursday with their families and honored his memory.

They laid a bouquet of flowers before the statue and observed a silent tribute.

Outgoing military attache Hani Khalid Ahmed said that during the mourning period, he keenly felt the feelings of deep trust and reverence of the Korean people and People's Army soldiers for the great leader Comrade Kim Il-song.

He said their true feelings are feelings of genuine love and trust that had been formed and consolidated through history in the years when he devoted his whole life to the people.

"The respected leader President Kim Il-song was an iron-willed brilliant commander who defeated two imperialisms in one generation and the great leader who led not only the Korean people but also the world's progressive people to happiness and prosperity," he said.

He declared that the cause of the Korean revolution will surely be accomplished because there is the dear leader Comrade Kim Chong- il, supreme commander of the Korean People's Army.

Superiority of DPRK-Style Socialism Praised

SK1208140894 Pyongyang Korean Central Broadcasting Network in Korean 0700 GMT 10 Aug 94

[Unattributed talk: "Socialism Is Our People's Living and Life"]

[Text] Today our people are freely enjoying their happy life under the popular mass-centered socialism of our own style, as well as actively struggling to further glorify the thankful socialist system. In their life experience, our people strongly feel the justification of ideology and theory expounded by the great leader Comrade Kim

Il-song indicating that socialism is our people's living [saenghwal] and life [saengmyong].

The great leader Comrade Kim Il-song has taught: For our people, there will not be happiness today or hope for tomorrow apart from socialism. Socialism, therefore, is our people's living and life.

Socialism is our people's living and life. This means that it has taken deep root in our people's life, and that it is closely related to our destiny. In other words, without socialism, our people's independent or creative life cannot exist, nor can the dignity and honor of our fatherland and people be displayed at the highest level.

Let us examine the fact that socialism is our people's living. The socialist living is an independent and creative living, which the popular masses enjoy as the masters of state and society, as well as a collective-style living in which they share pain and pleasure, while helping and leading with each other.

Our socialism—in which the people are the masters of state and society and in which everything serves the people—causes the popular masses to satisfactorily achieve their independence in all fields, such as political, economic, and ideological and cultural living.

One's life can be divided into three parts: political, ideological and cultural, and economic. Socialism causes the people to truly enjoy their life in the above three areas. First, socialism guarantees people's true political and cultural life. The political and cultural life is a basic factor determining if one can live with dignity and value as a social individual.

All people, as the masters of state and society, are participating in formulating and executing the party's and state's lines and policies as befitting masters under the popular mass-centered socialist system of our own style. With equal rights and obligations, everyone is enjoying their political life in all fields of social and political organizations.

Our people, as creators and guides of the socialist culture, are enhancing their consciousness of independent ideology and their creative ability by receiving favors and care from the state under the socialist system of our own style. Also, they are cherishing a noble spiritual and moral ethos and excellently satisfying the intrinsic demands of mankind, who wants to develop constantly in both a spiritual and physical manner.

The type of political, ideological, and cultural life our people enjoy under socialism is the most elevated life of a social mankind, who regards independence as a lifeline, as well as the most valuable and rewarding life which is not paralleled by anything else.

Socialism of our own style enables our people to live in the areas of the political, ideological, and cultural life, as well as in the material life, without any worry or anxiety. The century-long desire of the popular masses is to live without worry or anxiety. This desire can be truly achieved only through socialism.

In our country where the party and state totally and responsibly take care of the people's lives, the people live without any worry or anxiety from problems ranging from food, clothing, and housing to the problems of education and medical treatment.

Also, everyone enjoys his creative labor life with a job corresponding to his talent and ability. There are no unemployed or beggars in our country.

Since mankind was born, there has been no other society than our socialist society in which people live without worry or anxiety—the society in which social equality is actually guaranteed for the people's material and cultural life.

The basic characteristics of the socialist life our people are enjoying today lie in the fact that all social members are harmoniously living as a large family by firmly uniting as one with a comradely love and a revolutionary obligation, upholding the great leader [suryong] and the great leader [yongdoja] as their father.

Such harmonious lives are based on the comradely love and the revolutionary obligation between the leader [suryong] and members of society and between members of society. This becomes a source of the party's and the leader's [suryong] boundless love for the people.

In their actual lives, our people strongly feel the value, enjoyment, and reward of their socialist life. Also, they have cherished deep in their hearts the lofty truth that without socialism, there will not be happiness today or hope for tomorrow. Thus, our people have a boundless dignity and affection for our thankful socialist system and are endlessly loving and treasuring it.

Therefore, socialism is becoming our people's lives today. Socialism is the living of our people, as well as their lives. Socialism is our people's lives. This means that we cannot think about our destiny and future apart from socialism.

Our people's dignity and honor have been gained in a heroic struggle of ardent and complicated creativeness [changjo] and construction to build the socialist powerful state—the state that is independent in politics, self-reliant in the economy, and self-defensive—by smashing various challenges by the imperialists.

Apart from socialism, we can never think about the basic turn that took place in our people's destiny, the century-long changes in this land, and even the future of our country, which will be prosperous forever. In the long run, our people's destiny and future are directly linked to socialism. Therefore, our people have cherished deep in their hearts the faith and will that they will win victory if they keep socialism, and they will face death if they abandon it. Also, they are overflowing with a firm resolution to endlessly keep and consummate the popular mass-centered socialism of our own style, the banner of eternal life and struggle and the banner of victory.

Because the great leader Comrade Kim Il-song personally expounded the ideology that socialism is our people's living and lives, a great guideline is prepared, enabling our people and the revolutionary people throughout the world to highly treasure socialism, as well as to endlessly safeguard, adhere to, and glorify it.

Fertilizer Relay Center Completed at Najin Port

SK1208112494 Pyongyang KCNA in English 1032 GMT 12 Aug 94

[Text] Pyongyang, August 12 (KCNA)—A modernly-equipped fertilizer relay centre has been built at wharf No. 1 of Najin Port situated in the free economic and trade zone in the northern part of Korea.

Covering an area of more than 25,000 square metres, the centre is more than 300 metres long. Inside its building there are a fertilizer unloading ground, a belt conveyer and fertilizer storehouses of peculiar styles. All the processes of loading and unloading, transport, storage, etc. are mechanized and automated on a high level.

The completion of the centre will make it possible to accelerate the development of the Najin-Sonbong free economic and trade zone and make the zone greatly conducive to developing external economic and trade relations with other countries including Northeast Asian nations.

The ceremony for its completion took place on August 11.

Present at the ceremony were Yi Kun-mo, chief secretary of the North Hamgyong provincial committee of the Workers' Party of Korea and chairman of the North Hamgyong Provincial People's Committee; Kim Chong-il, chairman of the North Hamgyong Provincial Administrative and Economic Committee; O Sang-yol, minister of Marine Transport; Kim Chong-u, vice-chairman of the State External Economic Affairs Commission; and other officials concerned and builders.

Invited there were a delegation of the Jilin Provincial People's Government of China, a delegation of a Chinese business group, officials of Russian companies, a delegate of the Russia-Korea trade office, officials of the Chinese and Russian Embassies in Pyongyang and a delegate of the Korean Industry Co., Ltd. under the General Association of Korean Residents in Japan.

At the ceremony thanks of the dear leader Comrade Kim Chong-il was conveyed to the Ministry of Marine Transport, Najin Port, the June 2 Port Construction Agency, the East Sea Port Construction Agency, the marine transport designing office, the East Sea Salvage Corps and the University of Marine Transport which had taken part in the construction of the relay centre.

In his report Kim Chong-kwan, director of the Port Management Department of the Ministry of Marine Transport, said the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il, with a deep insight into the position and importance of Najin- Sonbong area in the development of the nation's foreign trade in compliance with the demand of the actual conditions of socialist economic construction, unfolded a grand plan for turning this area into a free economic and trade zone and, first of all, wisely guided the reconstruction of Rajin Port on an expansion basis to be a modern international trade port.

Then, congratulatory addresses and speeches were made.

A letter of pledge to Comrade Kim Chong-il was adopted at the ceremony.

That day, the North Hamgyong Provincial Administrative and Economic Committee gave a reception upon the completion of the building of the centre.

South Korea

Draft for DPRK-U.S. Statement 'Formulated'

SK1208093094 Seoul KBS-1 Radio Network in Korean 0903 GMT 12 Aug 94

[YONHAP report from Geneva]

[Text] At the third round of high-level talks North Korea and the United States formulated a draft for a joint statement regarding the North Korean nuclear issue and are waiting for approval from their respective governments, revealed a North Korean diplomat on 12 August.

According to the North Korean diplomat, the draft deals with issues concerning support for light-water reactors to North Korea and the establishment of bilateral diplomatic relations in exchange for freezing nuclear development in North Korea.

North, U.S. Said To Agree on Government Offices

SK1208131894 Seoul KBS-1 Television Network in Korean 1226 GMT 12 Aug 94

[Text] At the third round of high-level talks, the United States and North Korea apparently agreed to set up mutual government offices in Washington and Pyongyang, reported Japan's NHK Television on 12 August in a Geneva-datelined story.

NHK reported that the two sides will soon announce a joint statement, which includes North Korea's agreement to extend the preservation period for nuclear fuel rods stored in a water tank and the establishment of mutual government offices in respective capitals.

It was also learned that the two sides fundamentally agreed on the issue regarding the replacement of graphite-moderated reactors with a light-water system, however, failed to narrow their differences on the issue concerning special inspections to clear North Korea's past nuclear activities, added NHK.

Daily Views Korean-Style, Nuclear Reactor

SK1208015894 Seoul THE KOREA HERALD in English 12 Aug 94 pp 8, 9

[Text] The Korean-style light-water reactor which North Korea reportedly showed its willingness to accept is a nuclear reactor designed and made by Korean technology, suited to the Korean situation.

Specifically, they are the reactors now under construction as part of the nuclear power generation units 13 and 14, located in Uljin, North Kyongsang Province, with commercial operation planned for 1998 and 1999, respectively.

They will be the first reactors made almost entirely by Korean technology as part of the Seoul government's self-reliant nuclear power plan launched in 1985.

Heavy components are being built by Korea Heavy Industries and Construction Co., while Korea Atomic Energy Research Institute is providing design work, all under the license of ABB Combustion engineering Nuclear Power, a U.S.-based unit of Asea Brown Bovery [ABB] Inc.

ABB Combustion had previously built similar nuclear supply systems, in collaboration with Korean partners, which became the nation's 11th and 12th nuclear power plants at Yonggwang, South Cholla Province.

Korea's consistent accumulation of experience and know-how from this and previous projects are behind the first independently-developed reactors for units 13 and 14, on which construction started in 1992, officials said.

They said the Korean reactor, which has modified the U.S. model in several aspects, is a world-class reactor in terms of safety, economic viability and creditability.

Currently, Korea's self-reliance ratio in light-water reactor technology, including design, construction and maintenance, has reached 93 percent. The government plans to level it up to 95 percent by 1995.

It would cost approximately 1.6 trillion won ($2 billion) to build a Korean light-water reactor.

The officials also said that there is little difference between Korean and Russian light-water reactors except for the types of steam generator and also the Russian model has six cooling pipes, two more than its Korean counterpart.

The Russian model, however, has been based on much lower technology than the Korean one and lacks essential safety devices, they said.

Most importantly, the Russian reactor is devoid of an external concrete wall that prevents the spread of radioactivity in the event of melt-down.

Such lack of proper safety systems forced Germany to close down all of the eight Russian reactors in former East Germany built before its reunification. Finland, the only Western importer of Russian reactors, also had to build a safety bay later.

Both Seoul and Washington are of the position that such dangerous reactors cannot be provided to North Korea, the officials said.

Besides, the Seoul government hopes that thousands of personnel exchange accompanying the reactor construction over seven or eight years would drastically contribute to easing tensions and facilitating reconciliation.

The idea, however, will be hard to swallow for North Korea, which may regard the Korean reactor as its "Trojan horse," analysts said.

Seoul Proposes Red Cross Talks With DPRK

SK1208032394 Seoul SBS Television Network in Korean 0040 GMT 12 Aug 94

[Statement issued by Kang Yong-hun, president of the Korean National Red Cross Society, at the Korea National Red Cross, KNRC Headquarters in Seoul—live]

[Text] Today marks the 23d anniversary of the KNRC's proposals to the North Korean Red Cross Society for the reunion of the 10 million separated families in the South and North, and for the holding of the South-North Red Cross talks.

The South-North talks, which were inaugurated on the basis of the entire nation's hope, ran aground unexpectedly. While people say one decade is enough time for mountains and rivers to change, two decades and an additional three years have passed to this day, and regrettably, we have yet to see the expected results.

In retrospect, the process of the South-North Red Cross talks has been one of repeated hope and frustration. When the Red Cross officials from the South and North met at Panmunjom 25 years after national division and took turns crossing the barrier of division between Seoul and Pyongyang, we were full of hope that the divided nation would be connected. We were frustrated and discouraged when the opportunities for this exchange of visits were blocked.

As a result of the exchange of delegations of separated families between the South and North in which the families met their respective family members in Seoul and Pyongyang, and hugged each other hard in the grips of strong emotion, we were full of burning hope for the reunion of the separated family members. Since then, however, we have become frustrated and discouraged as the lines of such home-visiting delegations have been discontinued.

Despite the lengthy period of half a century, separated families scattered in the South and North still live in extremely stifling circumstances, not even knowing whether their relatives are still alive or not. Numerous elderly members of separated families are taking their unquenched desire for the reunion of their family members with them to their graves. This is a really horrible thing.

Even under the vicissitudinous situation of repeated suspensions of talks and contacts, the South and North Red Cross Societies have had talks and contacts on about 100 occasions. Even when they came close to reaching agreements, they failed to put them into action. I cannot but think that this is very regrettable.

Fortunately, the South and North governments have made public an agreement reached at the South-North high-level talks, which states that the question of separated families will be solved in a humanitarian fashion, thereby paving the way for the both sides' Red Cross Societies to easily solve the question.

The Red Cross officials in the South and North have no reason to hesitate or be irresolute any longer. They should get together at an early date, reconfirm the agreements reached thus far, and seek to put relevant projects into practice.

The suspended South-North Red Cross talks should resume at an early date.

It is necessary to firmly install a wide, strong bridge of humanitarianism, for separated families in the South and North to exchange letters, meet together, and come and go freely.

In the meantime, the exchange of home town-visiting delegations between separated families in the South and North, which was realized but once, should also be resumed.

Moreover, there should be no more delay in the exchange of delegations of old parents of separated families in the South and North, whose implementation was agreed upon at the South-North high-level talks and for which a detailed process was agreed upon at the working-level contacts between the South and North Red Cross Societies.

Hands of humanitarianism should also reach out to those in the South and North who have been forced to live separately [nambukuro kalajyo salgedoen saramdulegedo] against their will due to unfortunate accidents resulting from the circumstances in which the South and North were divided.

The number of our people who have been abducted to the North and not been allowed to return, including the crew members of the Tongjin, is over 400. Their families have been spent days of endurance and pain without knowing whether or not they are still alive.

Eleven South Koreans are included in the list of detainees held in North Korean political prisoners camps as was recently made public by Amnesty International. Their families are worried about them.

The fate and whereabouts of people detained in North Korea should be made known. Though belatedly, they should be returned to the bosom of their families.

Today, thinking about the intentions of my predecessor who 23 years ago inaugurated the South-North Red Cross talks by displaying a noble spirit of humanitarianism, I propose that the presidents or vice presidents from both sides meet without any conditions attached with a view to providing new momentum to negotiate the above-mentioned tasks which should be urgently resolved.

Let me again emphasize. I propose that the presidents or vice presidents from both sides meet without any conditions attached.

I hope such a meeting will be realized at Panmunjom at an early date; I expect an early response [chosokhan houng] from North Korea.

In conclusion, I would like to express my gratitude to you who have rendered invariable support so we can push for the talks with patience and sincerity, even though the South-North Red Cross talks for resolving the question of separated families in the South and North have not achieved any tangible results.

Thank you.

Expert Predicts Poor Rice Crop in DPRK

SK1208083994 Seoul YONHAP in English 0832 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 (YONHAP)—North Korea is likely to suffer from poor rice crop again this year resulting mainly from the insufficient use of agricultural chemicals like insecticides, the Japanese daily YOMIURI SHIMBUN reported from Beijing on Friday quoting a Japanese expert on North Korean economy.

Prof. Toshio Miyatsuka told the daily Thursday in Beijing after his recent visit to the Yanbian Korean Autonomous Prefecture in Jilin Province, China, that North Korea's poor rice harvest since 1990 has resulted from the lack of appropriate measures to exterminate vermins and the shortage of agricultural chemicals.

He forecast that the food scarcity in the North will be more serious this year, adding that deficient chemical fertilizer, passive attitude of farmers and unscientific farming system are other reasons for its sluggish rice farming.

Exterminators have so far been imported from Japan, but the amount has been insufficient to meet the demand. North Korea, however, could not afford to import them this year because of a lack of foreign currency, said Miyatsuka.

DPRK Magazine Stresses Capitalist Markets

SK1208150294 Seoul MUNHWA ILBO in Korean 12 Aug 94 p 21

[Text] In an article recently carried in CHOLLIMA (May 1994 edition), a popular magazine published in Pyongyang, North Korea recently strongly emphasized the necessity for "advancing to capitalist markets" and stressed the importance of credit in external trade, thus attracting the people's attention by revealing its positive trade policy. This article, written by Yi Pyong-nim, vice chairman of the Light Industry Committee of the North Korean Administration Council, pointed out that "external trade does not contradict the line for a self-reliant national economy." Thus, North Korea, in this article, frankly revealed its basic position toward external trade. The gist of Yi Pyong-nim's article is as follows:

Inevitability of External Trade [subhead]

The reality in our economy today and the trend of development of the world economy earnestly demands that we further develop external trade. Since the scale of our economy has expanded, the types of raw materials and materials required for each domain have become diversified, and their quantities have also increased.

Unless we develop external trade, we cannot satisfactorily meet the demand by each sector in the national economy, nor can we achieve economic development. We should develop external trade even for the sake of innovations in agriculture and light industry.

Advance to Capitalist Markets [subhead]

Science and technology are rapidly developing throughout the world. Therefore, external trade is essential for enhancing the level of modernization of our economy in compliance with such rapid development of world science and technology.

We should actively pioneer external markets in order to develop external trade. With a view to pioneering external markets in today's reality, in which socialist markets in the world collapsed, we should break through the world's capitalist markets, with markets in developing countries.

Importance of Advertisement and Credit [subhead]

In order to expand external markets, we should accept various types of trade methods, including processing-on-commission trade and (?subcontract) trade, in addition to a direct-sale method. External advertisement work is also important.

Only when credit is thoroughly honored in external trade, can external authority and confidence be enhanced. For this, an agreement between two sides should be sincerely observed without fail.

DPRK Family Finds Safety From Drug Ring

SK1208020294 Seoul YONHAP in English 0153 GMT 12 Aug 94

[Text] Seoul, Aug. 11 (YONHAP)—A 56-year-old North Korean and his family arrived in Seoul Friday [12 August] in flight from Myanmar [Burma] where he was involved with a drug ring headed by "kunsa."

Mun Chung-il, his wife, son and daughter flew into Seoul at 9 A.M. [0100 GMT] from Thailand where he and his family smuggled into last February.

Mun was born in North Korea in 1938 and led a nomad's life from the age of three when he moved to China. He had to leave China, his home for 10 years, for what he called political oppression after he took part in the 1989 Tiananmen Square as a Christian and moved to Myanmar where he disguised himself as a Chinese.

He got involved with kunsa's drug ring operating in "the golden triangle" near the Thai-Myanmar-Laos border as a Chinese instructor before the ring began suspecting him of leaking information last February.

Mun and his family escaped to Bangkok and contacted the South Korean Embassy there to seek resettlement in Seoul.

The U.N. high commissioner for refugees, on request by the Foreign Ministry, took up Moon's case and categorized him as a refugee, allowing him and his family to legally enter South Korea.

Gratitude Expressed to South

SK1208085794 Seoul YONHAP in English 0828 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—North Korean refugee Mun Chung-il has expressed gratitude to South Koreans for their efforts to rescue his family from decades of wandering life.

"I thank Korean people for their efforts to save such nameless family as mine," said Mun Friday on arriving in Seoul from Bangkok where he had hidden himself for six months after escaping from a drug ring headed by kunsa.

In a press conference, Mun, 56, exulted "I am very happy" when asked to explain his feelings about being in South Korea. "I've come from the large continent. But I'm feeling a wider vastness here in Korea I have long dreamed of."

He explained all his family members as well as his deceased mother had wanted to come to South Korea ever since his father returned to South Korea from Mongolia before the country was liberated from Japanese colonial rule.

"My mother left her last words saying, go and find your father," he said.

Asked to describe his adversities in the past, he replied he had lived in China for half a century and thought it to be his home. But, he said, the Communist Party misunderstood him. He was imprisoned for 10 years after his plan to escape to South Korea with his friend was intercepted in 1960.

"As soon as 1989 Tiananmen Square incident was subdued, a massive repression swept those Christians who had relations with foreigners. I could not stay in China any longer. I happened to enter kunsa's drug ring region in Thailand by way of Myanmar [Burma]," he explained.

When asked about the reason to flee the drug ring, he replied he was misunderstood there to be leaking information to South Korea. He escaped to Bangkok where he hid himself and his family at a small room provided through the good offices of the South Korean Embassy in Thailand.

Inter-Korean Trade Begins To Be 'Revitalized'

SK1208014794 Seoul YONHAP in English 0117 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—The inter-Korean trade, which shrank in the first half of this year due to tensions heightened by the North Korean nuclear problem, began to be revitalized early in the second half, government officials said on Friday [12 August].

The government approved a total of 20,470,000 U.S. dollars worth of trade with North Korea in July, up 16.3 percent from 17,600,000 dollars in the same month of last year, according to the authorities concerned.

The approval for South Korean purchases of North Korean goods amounted to 19,550,000 dollars last month, while the South's sales to the North marked only 910,000 dollars.

The amount of the inter-Korean trade increased 15.2 percent to 49,430,000 dollars in the first quarter of this year from the same period of last year, helped mainly by signs of inter-Korean reconciliation including resumption of dialogue, but fell 16.9 percent in the second quarter to 43,260,000 dollars from a year earlier.

The decrease in the April-June period was attributed to the rupture of North Korea-U.S. nuclear negotiations and ensuing talks of U.N. sanctions against Pyongyang.

Officials said that the relatively big increase in the trade in July was apparently bolstered by a historic agreement in late June on a first ever inter-Korean summit. The sudden death of the North Korean President Kim Il-song did not affect the trade very much, they said.

The inter-Korean trade in the first seven months of this year amounted to 113,150,000 U.S. dollars, with the South's purchase of North Korean goods reaching 102,780,000 dollars and the South's sales 10,380,000 dollars. That represents a 0.5-percent increase from 112,590,000 dollars in the same period of last year.

Gold ingots claimed the largest proportion in the North Korean goods purchased by the South between January-July period this year with 34,780,000 dollars, followed by zinc ingots with 22,920,000 dollars, textiles with 14,800,000 dollars and agricultural and fisheries goods 10,240,000 dollars.

The South sold 7,910,000 dollars worth of textiles, 1,420,000 dollars worth of chemical goods and 850,000 dollars worth of sugar and furniture to the North.

Meanwhile, the processing-on-commission trade, in which North Korea has shown much interest, also increased.

South Korea sold 7,240,000 dollars worth of raw materials to the North and purchased 10,680,000 dollars worth of end products in the January-July period, more than two times as much as the total sales and purchase on the processing-on-commission trade last year—4,380,000 dollars and 3,610,000 dollars, respectively.

ROK, U.S. Agree To Expand Defense Research

SK1208065494 Seoul YONHAP in English 0635 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—South Korea and the United States have agreed to expand their joint research on defense technology, which has currently been limited to army-related projects, to the defense industries related to Navy and Air Force, the Defense Ministry said on Friday.

The two countries also decided to actively study ways to conclude a comprehensive memorandum of understanding to enhance efficiency of the joint research on the defense technology as well as exchange technology cooperation teams to find new joint research fields.

Defense officials of the two nations held Thursday a meeting of the Defense Technology and Industrial Cooperation Committee (DTICC) of the Security Consultative Meeting (SCM) at the Pacific Command in Hawaii and agreed on ways for bilateral cooperation.

The two sides will also make a five-year plan to exchange scientists and technicians to jointly research defense technology, the ministry said.

Meanwhile, they will deal with the issue of aviation technology transfer as an important issue at scm meetings every year, while forming a working-level delegation each to supervise the quality of military supplies and report the results of its activities to the DTICC.

They have decided to first push ahead with three of the 21 joint research projects in the defense technology field agreed on at last year's SCM, including extension of the memorandum of understanding for surface-to-air missile guidance technology.

More Comments on U.S. Criticism of Security Law

Allegations Said 'Undesirable'

SK1208143094 Seoul CHUNGANG ILBO in Korean 12 Aug 94 p 3

[Editorial: "It is Inappropriate To Raise the National Security Law Issue"]

[Text] We cannot understand why the United States raised the issue of our National Security Law [NSL] when North-South relations are at a very delicate stage. At present, nuclear negotiations between North Korea and the United States in Geneva are near a climax, and both North and South Korea are working behind the scenes to cope with the inevitability of the resumption of dialogue. At this very time, the United States abruptly raises the NSL issue, a favorite issue for North Korea. This is undesirable for various reasons. Needless to say, the U.S. side may contend that it merely confirmed its previous position in response to reporters' questions.

As our Foreign Ministry has pointed out, however, the NSL issue is, by all means, a domestic issue, and the U.S. side's argument for its revision and abolition does not comply with international etiquette. It is true that the NSL was abused and misused under past authoritarian regimes, thus, there were serious problems regarding infringement of human rights. The situation has changed since the civilian government was inaugurated. A situation of which we believe the U.S. government is well aware.

Recently, activities of pro-North Korean forces in our society have become increasingly radical and bold amid the feverish atmosphere of reunification, and North Korea's maneuvers to manipulate them have become more undisguised and persistent. This is proven by a series of recent incidents, including the incident of the national salvation vanguards and the incident of the Kim Il-song youth league, as well as by movements of the chuche idea faction [chusapa], which directly communicates with and is directed by North Korea. Would not the United States punish the act of raiding a police box with iron pipes and sticks and of halting a train, even if such acts are committed by students?

Clandestine organizations and pro-North Korean forces scheming to overthrow our system, including chusapa, are not an oppressed minority faction, as thought by the West. The NSL should inevitably exist to deal with these forces. We, ourselves, do not think that we should keep the NSL, which has been subject to constant criticism by the international community, in effect indefinitely.

Domestic discussions for abolition and amendment of this law have been taking place from the early days. This issue will also be discussed during the upcoming regular National Assembly session. We should decide on abolition and amendment of the NSL according to an objective assessment of the situation and keen evaluation of our own capability to cope with North Korean moves toward the South.

If it is true that the United States raised this issue as a means to create a favorable atmosphere for its negotiations with North Korea, we would be disappointed.

Editorial on Article in U.S. Paper

SK1208105794 Seoul CHOSON ILBO in Korean 12 Aug 94 p 3

[Editorial: Refuting THE NEW YORK TIMES]

[Text] In any advanced and democratized country, there is the possibility for abuse of power and infringement of human rights. Those who support human rights take it as their role to point out, criticize, and warn against the possibility of one case of human rights abuse, rather than praising nine cases respecting human rights.

It is conceivable [issulsu innun il] that the U.S. THE NEW YORK TIMES expressed concern over the recent exercise of national punishment in the ROK because it views it as a "crackdown," despite the remarkable improvement of human rights after the inauguration of the Kim Yong-sam regime.

We sympathize with the general consideration of the democratic "principle of intellectual freedom" but do not agree with the opinion that insists on not exercising government power even against the obviously destructive activities of pro-North forces in the ROK. What kind of advice would THE NEW YORK TIMES give to U.S. police if a group of college students seize a train or if radicals wielding clubs and pipes disarm combat policemen and smash all the windows of a building in a college that they do not attend?

The forces following Kim Il-song and Kim Chong-il of North Korea do exist in South Korea. During the 40 years since the Korean war, they have been ceaselessly pursuing revolution through terror, underground operations, topple schemes, and propaganda defining the South Korean system as a colony of the U.S. imperialists. Some European and U.S. figures, such as those with THE NEW YORK TIMES, are defining them as a minority group and denouncing that their "freedom of conscience" is being stifled. In our opinion, they are self-appointed revolutionaries who believe in destroying the democratic system, which guarantees such a diverse "freedom of conscience." Despite their minority, they control the organization, operations, and theory of the so-called "activists." Their organized existence is growing to become a branch of "the Democratic People's Republic of Korea" inside South Korea. The majority of other students could simply be third-world-style radical nationalists. However, recent patterns connecting the two in practical activities, which were planned by the pro-North forces, are diluting the differentiation of the "simple nationalists." In this regard, we cannot view them as Western "democratic leftists," who respect the basic frame of a democratic society and the country's sovereignty, or parliamentarian leftists. They are beyond the characteristics of the leftists and defy the government. There is no government in this world that would not take action against illegal acts of government-defying forces. We also want a day when the National Security Law is not necessary to come as soon as possible. This requires the halt of the general government-defying acts of those who are operating islands of concentration camps in the North, where human rights are buried, and their apparent allies.

U.S. Government Position Viewed

SK1208101894 Seoul HANGYORE SINMUN in Korean 12 Aug 94 p 4

[Article by Kim Song-ho]

[Text] The U.S. Government has again mentioned the question of the ROK's National Security Law [NSL].

On 11 August, the U.S. State Department renewed its stance on the need to revise or abolish [kaepye] the NSL, pointing out: "The ROK Government has recently applied the NSL to arrest some students and individuals."

Of course, it is not the first time the United States called upon the ROK to revise or abolish the NSL. In fact, this has been a consistent position of the U.S. Government. In a seminar held on 25 February, Thomas Hubbard, deputy assistant secretary of state for East Asian and Pacific Affairs, created a diplomatic stir [soran] between the ROK and the United States by stating: "Abolition of the NSL is hoped for."

The latest mention by the U.S. Government of the NSL is noteworthy because it was made at a time when a wholesale roundup is now being conducted in the ROK against students and behind the scenes opposition forces on the basis of the NSL and when the North- U.S. talks are being held in Geneva.

The U.S. State Department mention of the NSL was made in an interview by a THE NEW YORK TIMES reporter in an article on the ROK NSL carried in the paper's 9 August issue. This clearly shows that the official stance of the U.S. Government is to hope for a revision or abolition of the NSL.

In its 9 August editorial, THE NEW YORK TIMES wrote: "For more than a month, the ROK has been waging a movement against radical students and forces involved in labor movements on a large scale and in an undemocratic way. The suppression of these people by using the NSL is becoming a much graver threat to ROK's democracy than a machination to overthrow the system in North Korea is to North Korea."

The paper continued to stress that the United States needs to express its clear-cut apprehensions and position toward the NSL, while noting: "The ROK Government misunderstands the real intention of the United States because the U.S. Government has generally lowered its voice on the human rights issue, and has hesitated to make an issue of this question when the crisis surrounding North Korea's nuclear issue was at its height."

The U.S. Government disclosed that it continues to be interested in the possibility of the violation of human rights through the NSL, thereby displaying that it is deeply concerned about the ROK Government's recent wholesale roundup by applying the NSL from the standpoint of human rights.

There is also an analysis that the latest mention by the U.S. Government of the NSL might have been based upon its intention to drive a wedge in the possibility of the ROK intervening [kaeip] in the North-U.S. talks, thinking that the ROK Government has laid an obstacle [changae] in the North-U.S. talks by exaggerating the danger of North Korea's nuclear issue by using a news conference by North Korean defectors before the talks were held.

The U.S. Government expressed strong dissatisfaction and regret when the ROK Government recently had North Korean defector Kang Myong-to talk about "North Korea's possession of five nuclear bombs" at a news conference, saying that such a thing is not helpful to the North-U.S. talks. The U.S. Government harbored suspicions that the ROK was apprehensive that the North-U.S. talks might minimize North Korea's past nuclear activities and might have tried to apply pressure on the United States through Mr. Kang's remarks.

It is known that the United States is also considerably discontented with the ROK policy toward the North following North Korean President Kim Il-song's death. The United States thinks that South Korea's hard-line policy toward North Korea runs counter to stability on the Korean peninsula or to the latest U.S. policy to solve North Korea's nuclear issue through dialogue. High-ranking U.S. officials have expressed their discontent by stating that the tense relations between the South and North are not conducive to the improvement of the North-U.S. relations.

The ROK Government is not concealing its displeasure with U.S. interference [kaeip], stating that "a revision or abolition of the NSL is an internal affair." In particular, the ROK Government finds it distasteful that the U.S. side again mentioned South Korea's human rights issue when the focus in on the question of realizing the repatriation of those abducted to the North, as well as the question of North Korea's human rights issue.

The ROK Government is taking an attitude of trying to avoid a head-on confrontation because it is worried that strong resistance to the U.S. Government might cause diplomatic friction between the ROK and the United

States and because there is the possibility that South Korea's human rights issue might be brought to the fore in the international community.

U.S. Comment Criticized

SK1208045494 Seoul HANGUK ILBO in Korean 12 Aug 94 p 1

[By reporter Ko Tae-song]

[Text] In connection with the reference made again on 11 August by the U.S. State Department on the need to abolish the National Security Law, the government urgently instructed the ROK diplomatic mission in Washington to ascertain the exact contents and background for the remarks. It was learned today that the government is considering pursuing proper diplomatic countermeasures if necessary.

The government made this decision because this is not the first time that the United States referred to the National Security Law. Moreover, the reference not only is a nature of interfering in the internal affairs of the ROK, but was made at a delicate time in the inter-Korean relations. The government, therefore, feels that the reference is far from beneficial to existing ROK-U.S. relations.

As soon as the government ascertains the precise objective of the reference made by the U.S. State Department, it will express regret to the U.S. side and request the prevention of its recurrence.

A government official concerned said, "It is not appropriate for the United States, aware of the human rights situation and progress of democratization in the ROK, to make references to our law and system. It could be understood as interference into our internal affairs." He expressed displeasure, saying, "We see no reason why the United States should take issue with our National Security Law when it remains silent on the issue of human rights in North Korea, which became an issue with Amnesty International's exposure last July of the existence of detention camps for political prisoners.

Chang Ki-ho, spokesman for the Foreign Ministry, stated crisply, "Whether or not to abolish the National Security Law is an internal affair which will be decided upon by our government."

Yi Ki-taek's Remarks Denounced

SK1208034994 Seoul KBS-1 Radio Network in Korean 0200 GMT 12 Aug 94

[Text] Pak Pom-chin, spokesman for the Democratic Liberal Party, issued a comment on 12 August saying the remarks by Yi Ki-taek, chairman of the Democratic Party, denouncing the ROK Government's resolute measures against pro-North forces and referring to them as an attempt to create a new public security-oriented atmosphere were merely the usual political offensive, thus greatly disappointing people of good sense.

Spokesman Pak Pom-chin denounced Chairman Yi for revealing his ignorance as a political leader by insisting on tolerance for the destructive pro-North forces as if it was a specialty of democracy, without knowing the truth of their activities.

Spokesman Pak said that, as a political leader of a sovereign country, Chairman Yi Ki-taek should be ashamed of criticizing the ROK Government while mentioning an editorial from a U.S. newspaper and the stance of the U.S. Government.

DP Chairman Calls Law 'Evil'

SK1208033794 Seoul KBS-1 Radio Network in Korean 0200 GMT 12 Aug 94

[Text] Yi Ki-taek, chairman of the Democratic Party, said the National Security Law is a typically evil law of military regimes, and that since he and the ROK president agreed during their meeting in May to enter into discussions on revising or abolishing the law, he will exert efforts to reach a conclusion by raising the issue as a priority agenda item at the next regular National Assembly session.

Chairman Yi Ki-taek held a news briefing on the morning of 12 August, saying the government and the ruling party should not emotionally respond to the U.S. advice on the National Security Law, but should exert sincere efforts to improve the situation. Chairman Yi also strongly urged the postponement of the trial of lawmaker Yi Pu-yong, saying it is unreasonable that the political life of incumbent lawmakers is being threatened by the National Security Law.

Chairman Yi said police raids on the Chogye temple, the Christians Hall, and Yonsei University are proof the government is trying to foster an atmosphere based on a public security-oriented situation. He added that he will take resolute countermeasures if the government and the Democratic Liberal Party intend to follow the previous regimes' public security-oriented ruling.

Chairman Yi said resolute measures should be taken against the anachronistic chuche followers [chusapa] in order to root them out, but it should not be an excuse to trample upon human rights; he urged immediate release of Yi Chang-pok, director general of the headquarters for promoting the pannational rally, and Hwang In-song, chairman of its executive committee.

As regards recent moves inside the party, Chairman Yi pointed out that constant discussion on political power would disappoint the people's expectation for a change in power, and thus he urged deep self-consciousness and the setting of examples.

More on U.S. Comments

SK1208030994 Seoul YONHAP in English 0258 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—Seoul registered regrets mixed with concerns Friday [12 August] at recent

U.S. State Department comments on South Korea's National Security Law, pointing to imbalanced American press reports and wrong impression of opinion differences between Seoul and Washington.

U.S. Ambassador James Laney was called into the Foreign Ministry and was relayed the message by Foreign Minister Han Sung-chu.

Han said the Seoul government necessarily arrested the pro-North Korean students because their extremities were threatening the basic social order, Ministry Spokesman Chang Ki-ho said.

He stressed that the civilian government had spent extra efforts in improving human rights conditions since its inauguration and that the National Security Law is applied very restrictively.

Laney explained that the comments were not initiated by the U.S. side but were responses to questions by the South Korean press.

The comments did mention the noted progress in Seoul's human rights improvement but this part was ignored by the press, Laney was quoted as saying.

The ambassador, acknowledging Seoul's stance, promised special efforts to avoid wrongful impression of differences between the two countries, especially now when the two sides need strong cooperation in dealing with North Korean nuclear problem.

The controversy is almost a replay of what happened in March when U.S. Deputy Assistant Secretary of State Tom Hubbard was found to have said the United States wants to see the National Security Law repealed.

This week's controversy was flared by an editorial on NEW YORK TIMES which criticized the mass arrest of collegians in South Korea for sympathizing with North Korea.

The U.S. State Department issued a press guidance saying it notes the arrests and hopes to see the Security Law abolished in the long run.

Foreign Minister Phones U.S.Envoy

SK1208022994 Seoul KBS-1 Radio Network in Korean 0205 GMT 12 Aug 94

[Text] On 12 August Foreign Minister Han Sung-chu called U.S. Ambassador to South Korea Laney to the Foreign Ministry in order to officially convey the ROK Government's regret over the U.S. State Department's comment about revising or abolishing the National Security Law. Minister Han Sung-chu said revising or abolishing the National Security Law is a domestic issue to be judged solely by the ROK, and that considering the reality of a divided South and North, the stance of the ROK Government is that the National Security Law remains necessary. Ambassador Laney said he will convey the ROK Government's regrets to the U.S. Government.

DP Chairman: NSL Issue 'Top Priority'

SK1208062894 Seoul YONHAP in English 0619 GMT 12 Aug 94

[Text] Seoul, August 12 (YONHAP)—The major opposition Democratic Party will give top priority to the issue of revising or repealing the national security law [NSL] at the regular National Assembly session convening in September, chairman Yi Ki-taek said Friday [12 August].

Rep. Yi made the remark at an informal press conference after accusing the administration of abusing the National Security Law. Recalling that President Kim Yong-sam agreed with him in their May 27 Chongwadae [presidential offices] meeting to study the matter seriously, the opposition leader pledged to make a conclusion on the issue during the coming parliamentary sitting.

Charging that the government has violated the citizens' basic rights on many occasions, the Democratic Party leader said, "We firmly refuse the administration's public security-oriented control and will counter it forcefully."

"Chusapa" students adhering to North Korea's chuche (self-reliance) ideology should be dealt with harshly and wiped out, he asserted. "But no infringement upon human rights should be committed under the pretext of ferreting out chusapa students," Rep. Yi said.

Kim Vows To Cope 'Sternly' With Law Violation

SK1208102894 Seoul YONHAP in English 1022 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—President Kim Yong-sam vowed on Friday he would safeguard liberal democracy by sternly cope with all acts of law violation in the future.

The president made the pledge during a luncheon he hosted at Chongwadae [presidential offices] for 22 former judicial leaders including ex-Chief Justice Yi Yong-sop and one-time Justice Minister O Tak-kun.

"I will not tolerate any violence and conspiracy and will do all I can during the rest of my presidency in safeguarding the nation and promoting reforms without any pause," Kim was quoted as saying by Chongwadae spokesman Chu Ton-sik.

The president especially emphasized the importance of law abidance by saying "democracy begins with respect for law," the spokesman said.

University President Discusses Chusapa Influence

SK1208122794 Seoul YONHAP in English 1026 GMT 12 Aug 94

[Text] Los Angeles, Aug. 11 (YONHAP)—Pak Hong, president of Sogang University, said here Thursday that

South Korean youths are in a dangerous situation where they are being "exposed to the poison of chuche thought" as they are wandering ideologically.

In a lecture at the Los Angeles regional conference of the Advisory Council of Democracy and Peaceful Unification, Pak said that though chusapa (chuche thought faction) students represent no more than 1 to 2 percent of the total college students, their influence is "great."

Saying that there are some chusapa people even among professors, Pak cautioned the student and labor movements of South Korea not to be taken in by the skillful communization strategy of North Korea.

He said North Korea is yet to give up a scheme to communize the South. "Besides, after the fall of the communist bloc, North Korea has been pooling all their energies to accomplish their goal in a short period of time," he said.

The older generation should endeavor to keep "our young people" from falling a prey to the seduction of the North's violent revolutionary thought, Pak said.

Japanese Minister Defends Japan's WW II Role

SK1208115894 Seoul YONHAP in English 0846 GMT 12 Aug 94

[Text] Tokyo, Aug. 12 (YONHAP)—A Japanese cabinet minister said Friday that Japan had not intended to launch an aggressive war during World War II, insisting it's wrong to approach the issue of the past war with the thought that Japan alone was bad.

The claim was made by Shin Sakurai, minister of the environmental agency, at the end of a ministerial meeting.

Sakurai was responding to the issue of a parliamentary resolution on noninvolvement in war raised on the occasion of the 50th anniversary of the end of the Second World War next year.

"Asian countries gained independence and higher literacy rate through extension of school education (as a result of the war)," said the minister. "Japanese people should try to let the world know that the war has such two meanings."

He also said that it is difficult to draw a line between war compensations and others, expressing the hope that his government could bring an end to the compensation issue in a progressive manner at this time when the long-standing political opponents joined forces to organize the incumbent government.

A five-time lower house lawmaker, Sakurai joined the cabinet of Tomiichi Murayama formed last June when the Japanese Socialists, Liberal Democrats and Sakigake joined hands.

Government Lodges Complaint

SK1208121794 Seoul YONHAP in English 1147 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—The South Korean Government on Friday lodged a formal protest with Japan over the remarks made by Japanese Environmental Minister Shin Sakurai on the role of Japan in World War II.

In the protest handed through Japanese Charge d'Affaires Hiroshi Shigeda, the government expressed a regret over the remarks, asking the Japanese Government to explain about his statement and take a proper step against him.

Meanwhile, a Foreign Ministry official said in a comment that the government could hardly control a surprise at Minister Sakurai's anachronistic remarks that "there was no aggressive intent in the Pacific War" it launched and that "thanks to the Japanese military advancement to other Asian countries, they could gain independence and promote education."

"The remarks amount to splashing cold water upon the efforts of the governments and peoples of the two countries to promote their bilateral relations," the official said.

"We expect that the Japanese Government will make a clear explanation and take a proper step over the remarks that distort historical facts."

Sakurai reportedly made the remarks in answering questions posed by reporters soon after a cabinet session Friday in connection with the 50th anniversary of the end of World War II next year.

*Hyundai Plans Large Petrochemical Plant in PRC

942C0180B Seoul HANGUK KYONGJE SINMUN in Korean 16 Jun 94 p 9

[By reporter Kim Kyong-sik]

[Text] The Hyundai group will launch an all-out effort to enter the $2-billion-a-year Chinese petroleum and chemical plant market.

On 15 June the Hyundai group decided to take active measures to explore the Chinese petrochemical market. As part of these measures, the group will send representatives from its heavy industrial construction, engineering, and other related firms to China to participate in a large-scale international petroleum exhibition, bid on off-shore oil-drilling platforms, and carry out business negotiations with Chinese officials.

Under this decision, Hyundai Heavy Industries Co. will dispatch a delegation to "China Petroleum '94," a petroleum industry exhibition scheduled in Beijing from 14 through 18 September, to conduct field negotiations on deals for plant designing, manufacture, installation, and operations relating to petroleum development. Hyundai Heavy Industries will be the first Korean firm ever to attend a Chinese petroleum industry exhibition.

During this exhibition, Hyundai Heavy Industries will concentrate on negotiating for contracts to build petroleum boring equipment and steel structures, with a view to entering the Chinese market for petroleum development plants, which currently is monopolized by the United States, Japan, Germany, Italy, and other advanced countries.

Hyundai Heavy Industries has also decided to participate in the tender for an off-shore petroleum plant construction project in waters off Shanghai, scheduled by the China Off-Shore Petroleum Firm for this August or September.

This company plans to shift its strategy for overseas petroleum markets from trying to receive orders for small plants to participating in large-scale projects, on the basis of the competitiveness it has accumulated by manufacturing and constructing petroleum development and refinery plants in Southeast Asia and the Middle East.

Since it first entered the Chinese petroleum plant market in 1992, Hyundai Heavy Industries has received only five orders (totaling $100 million), including a small petroleum development plant in the South China Sea. As a means of stepping up business activities in China, Hyundai Construction Co. already bid on the $1.5-billion Xialangdi Dam construction project, and is now awaiting the results.

Hyundai Engineering Co. is currently studying ways to participate in "China Petroleum '94" to secure its entry into the Chinese plant design and construction market. It is also exploring ways to enter Chinese markets jointly with other Hyundai subsidiaries, including Hyundai Heavy Industries.

Shuffle of DLP Local Chapter Chairmen Viewed

SK1208132594 Seoul CHOSON ILBO in Korean 12 Aug 94 p 4

[Article by Yi Chong-won: "The Status of the Reshuffle of Democratic Liberal Party Local District Chapter Chairmen"]

[Text] Five independent lawmakers registered with the Democratic Liberal Party [DLP] on 11 August. We must pay attention to the DLP's reshuffle of chairmen of its local district chapters, which has been carried out continuously since the new government emerged.

Since the 14th general election, the DLP has reshuffled the chairmen of 67 local district chapters, accounting for 28 percent of its total 237 local district chapters. It will again reshuffle nine chairmen of its insolvent local district chapters and 16 other chairmen of its incident [sago] local district chapters, along with five other chairmen of its local district chapters in which the five independent lawmakers are registered. If this happens, the DLP will reshuffle 97 chairmen. With the term of the 14th National Assembly half over, the DLP has already changed 41 percent of its total chapter chairmen.

We can grasp the status of its reshuffle by accessing the background of the chairmen. The 18 independent lawmakers the DLP accepted immediately before the 14th election was held are from the former ruling party faction. All of them ran for election independently due to the DLP's refusal to recommend them as DLP candidates. Lawmakers Kim Ho-il, Kim Chan-u, and Pak Hui-pu are from the former New Democratic Party faction, while lawmakers Kim Kil-hong, Yi Sang-sin, Ha Sun-pong, and Kim Sang-ku are from the former Democratic Justice Party.

Since the new government has emerged, however, new politicians or figures from the former New Democratic Party circle have not been appointed chairmen of many local district chapters. Lawmakers Son Hak-kyu, Pak Chong-ung, Kang Kyong-sik, Yi Yong-sam, Pan Hyong-sik, Yu Chong-su, and Kim Ki-su (in registration order) have been elected through four by-elections in certain areas. Following this, the DLP has accepted many new figures as chairmen of the chapters in an effort to reorganize the local district chapters. Over 10 new politicians—including Kim Mun-su from a dissident organization, Chong Song-chol from the legal field, and Yi Ki-hyong from the academic field—registered in the DLP as party members.

The current status of chairmen of the local district chapters follows: 103 are from the former Democratic Justice Party, 39 are from the former New Democratic Party, and 12 are from the former Democratic Republic Party. These numbers are nearly the same as that during the party merger. However, figures who do not belong to any circles have newly appeared, while the DLP is carrying out the preparatory work to reshuffle the chairmen of its local district chapters. The number of these figures will reach 58, who will be classified as those from "former Democratic Justice Party circle," considering the status of their registration in the DLP after the merger of the parties. When we regard all these figures as pro-Kim Yong-sam people, including the existing figures from the former New Democratic Party circle, 97 chairmen of the local district chapters will be filled by pro-Kim Yong-sam people. The number of these figures will reach that of chairmen from the former Democratic Justice Party circle, which currently account for 103 chairmen.

It can be regarded that 45 percent of chairmen of the local district chapters will be filled by pro-Kim Yong-sam people. Even though it is debatable to regard people from the former Democratic Justice Party circle as pro-Kim Yong-sam people, we should consider the fact that there are a considerable number of the new people who support the former New Democratic Party circle within the former Democratic Justice Party circle.

It is expected that the rate of pro-Kim Yong-sam people in the DLP will increase in the future after carrying out preparatory work to reorganize the local district chapters and the 15th general election.

Questionnaires Sent to Former Presidents on Coup

SK1208122994 Seoul YONHAP in English 1142 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—The Seoul District Prosecutor's Office on Friday afternoon handed questionnaires to former Presidents Chon Tu-hwan and No Tae-u over their roles in the "coup-like incident" of Dec. 12, 1979.

A prosecution source said the written questions were delivered to Chon through his lawyers Yi Yang-u and Sok Chin-kang, and to No through his lawyer Han Yong-sok.

The two former presidents were requested to file replies by Aug. 22.

The prosecution has been questioning those former senior military officers who played active roles in the Dec. 12 incident in response to a number of lawsuits filed against them.

In the Dec. 12 incident, then Maj. Gen. Chon Tu-hwan and his colleagues arrested Army Chief of Staff and Martial Law Commander Gen. Chong Sung-hwa and some generals loyal to him.

The prosecution will also send a questionnaire to former President Choe Kyu-ha, asking him, among others, if there was any threat from Maj. Gen. Chon or his men in the course of giving a post-factum approval of the arrest of Gen. Chong.

The prosecution decided to get answers through written questionnaires by courtesy to the former heads of state, officials said, but the questions leave out no details in getting to the facts.

They said they have worked on the questions so that answers will be as effective as summons or face-to-face questioning.

Chon and No were notified about the prosecution's decision on Thursday and are expected to send back the answers within 10 days after receipt.

The questionnaires to Choe, a witness, will be sent out after the prosecution receives the answers from the two other former presidents, officials said.

Links to Coup 'Inseparable'

SK1208062294 Seoul YONHAP in English 0446 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—The prosecution announced Friday [12 August] it will conduct on-paper questioning on three former presidents in order to probe the real picture of the "Dec. 12 coup d'etat-like incident" and decide whether to take judicial actions against people involved in the incident next month.

Written questionnaires will be sent as early as Friday afternoon to Choe Kyu-ha, Chon Tu-hwan and No Tae-u who were president, defense security commander and head of the Martial Law Joint Investigation Headquarters, and 9th Division commander, respectively, at the time of the incident.

"Their links to the Dec. 12 incident are inseparable, and we determined that we must hear the testimonies of the three former presidents in order to reveal the truth of this case," the prosecution said.

'Last Stage' of Probe

SK1208072794 Seoul YONHAP in English 0701 GMT 12 Aug 94

[News analysis]

[Text] Seoul, Aug. 12 (YONHAP)—A year-long investigation into the Dec. 12, 1979, military incident is nearing a conclusion with the prosecution's decision Friday [12 August] to question former presidents.

The questioning, to be conducted through written questionnaire of over 500 items to each of the three presidents—Choe Kyu-ha, Chon Tu-hwan, No Tae-u—is the last stage of the probe that began in July last year into the Dec. 12 case which President Kim Yong-sam termed not exactly a coup d'etat but a "coup d'etat-like incident."

The prosecution plans to close the book next month before the National Assembly opens and decide on actions against 37 plaintiffs and defendants.

Interest now is the level of judicial action against those involved, and whether Chon and No will be indicted.

The prosecution's decision to question the former heads of state was apparently based on eradicating public suspicion, which would be hardly possible without the testimony from the three core figures who share innermost secrets on what happened that day.

The probe on Chon and No will focus on four major points. First, how the plan emerged to seize then Army Chief of Staff and Martial Law Commander Gen. Chong Sung-hwa, second, how then President Choe Kyu-ha gave permission to seize Chong, third, how the Joint Investigation Headquarters Forces were mobilized, and fourth, if there was intent of rebellion or military revolt.

The question for the prosecution is whether those involved in this "coup d'etat-like incident" can indeed be charged with rebellion or military revolt.

Inside sources say after an investigation on over 200 people and after combing through the documents, the prosecution has determined that the case is closer defined as a military revolt than a rebellion.

What constitutes a rebellion is use of force to subvert the existing government and establishing a new one. But in case of the Dec. 12 incident, Choe Kyu-ha stayed president even after the incident and thus cannot be defined as a rebellion in the strictest sense.

But a military revolt involves use of force by the military against a government organ. The seizure of the army chief of staff by the Joint Investigation Headquarters without presidential approval would fit under this category, sources say.

Maximum punishment for military revolt is death penalty with 15- year statute of limitations, which would end on Dec. 12 this year.

Whether the prosecution will indict Chon and No is an open question. Even if their guilt is confirmed, indictments do not necessarily follow immediately.

President Kim Yong-sam, although labeling the incident as like a coup d'etat, had said the judgement should be left to history, suggesting that the figures of the Dec. 12 case will not be indicted.

Punishing Chon and No is like negating the past 12 years of national history, undermining the legality of the current regime itself.

But as fierce as this reasoning is the feeling is that national authority will break down without due punishment of the two men, and that the government must show its resolve not to let this kind of incident happen again.

Rumors are going around that Chon, No and their loyalists are ready to reenter politics. The prosecution's action on the two men will certainly entail political repercussions.

Ex-Presidents' Aides Comment

SK1208071294 Seoul YONHAP in English 0556 GMT 12 Aug 94

[Text] Seoul, Aug. 12 (YONHAP)—Former Presidents Chon Tu-hwan and No Tae-u are likely to receive and answer the written questionnaires to be sent by the prosecution in connection with its investigation into the "Dec. 12 coup d'etat-like incident," aides to the former presidents said on Friday.

Questionnaires are to be sent as early as Friday afternoon to Choe Kyu-ha, Chon Tu-hwan and No Tae-u who were president, defense security commander and head of the Martial Law Joint Investigation Headquarters, and 9th division commander, respectively, at the time of the incident.

Yun Sok-chon, a secretary to former President No, said, "there is no reason for the former president to avoid the investigation aimed at verifying the true picture of the Dec. 12 incident. It is the position of the former president that he would answer the written questionnaires, if it is sent to him."

Min Chong-ki, a secretary to former President Chon Tu-hwan, said, "former President Chon may decide whether or not to answer questions of the prosecution after the prosecution sends the written questionnaires, but the former president's side has no objection to revealing the truth of the Dec. 12 incident."

Chon and No were notified about the prosecution's decision about the questionnaires on Thursday and are supposed to return answers within 10 days of delivery.

Meanwhile, the questionnaires for Choe, a witness, will be delivered after the prosecution receives the answers from the two other former presidents, prosecution officials said.

Long-Term Interest Rates Begin Downward Trend

SK1208005694 Seoul THE KOREA HERALD in English 12 Aug 94 p 8

[Text] Both money-market and long-term interest rates have swung to a downtrend after a turbulent week of rises, apparently influenced by the news of a soft monetary policy.

The monetary authorities have recently decided to loosen its tight grip on money control and supply more money than planned this month in a bid to bring down surging interest rates.

The move has prompted the overnight loan rate to fall to the 13 percent range, while ending the upward trend of the yield on benchmark three-year corporate bonds.

Overnight loans, which financial institutions borrow from one another for supra-short-term use, changed hands at 13.34 percent yesterday, according to market sources.

Last week, the call rate soared to 25 percent on an annual average basis, the highest in three years, because of an acute cash shortage in the market.

Faced with the Aug. 7 deadline for meeting their reserve requirements for the latter half of July, commercial banks, the largest suppliers to the call market, had no extra funds to loan out, sparking the cash shortage.

Two large banks, Korea First Bank and the Bank of Seoul, even failed to meet the reserve requirements and were slapped with penalty rates.

A barometer for long-term rates, the return on three-year corporate bonds fell to an annual 13.30 percent Wednesday [10 August], down 0.1 point from the previous day.

The Securities Stabilization Fund intervened in the bond market, Wednesday, and bought 34 billion won worth of corporate bonds, bringing down the rate, market sources said.

To address the matter of rising interest rates, officials from the Finance Ministry and the Bank of Korea Tuesday met and agreed to temporarily shift the focus of monetary policy from a tight control on the money supply to stabilization of interest rates.

Accordingly, they decided to increase the money supply from 1 trillion won to 1.2 trillion won for this month to ease the liquidity squeeze facing the market and to stabilize interest rates.

To stabilize the overnight loan rate, monetary authorities also requested commercial banks to expand the operation of their money trust funds in the call market.

Meanwhile, one commercial bank after another are raising their consumer loan rates.

The Hanil Bank, Wednesday, raised its lending rate of consumer loans to 12.5 percent from 11.5 percent, the first of its kind this year by a local bank.

The Bank of Seoul followed suit by also increasing the lending rate by 1 percentage point to 12.5 percent yesterday, while several other banks are preparing to raise their rates soon, banking sources said yesterday.

*Government To Invest in Modernizing Businesses

942C0180C Seoul MAEIL KYONGJE SINMUN in Korean 23 Jun 94 p 2

[Text] On 22 June Chong Chae-sok, deputy prime minister and minister of the Economic Planning Board, disclosed his decision to draw up a 5-year plan for expediting the introduction of automation and information in small- and medium-sized firms.

The disclosure was made during a 22 June breakfast meeting of small and medium business owners at the Korea Federation of Small Business building in Yoido, Seoul. In his lecture, entitled "Recent Economic Trends, and Measures for Small and Medium Businesses," the deputy prime minister said that the government would draw up a 5-year plan to systematically support the efforts of small and medium business firms to modernize their operations and introduce information, two basic requirements for strengthening their competitiveness, so that they may drastically improve the rate of automation.

According to Deputy Prime Minister Chong, a structural adjustment fund will be created to finance the 5-year plan for modernizing small business. In this connection, he said that the Ministry of Trade, Industry, and Energy will establish a structural adjustment fund totaling 3 trillion won by 1996. Negotiations are currently under way with concerned ministries on the establishment of this fund, he added.

Deputy Prime Minister Chong also disclosed that a law promoting the development of distribution centers will be enacted this year. The law will remove obstacles to sales outlets for products of small businesses. Under this legislation, a permanent, consolidated marketplace for products of small businesses with a floor space of thousands of pyong will be set up in Mok-tong, Seoul, by next year.

To ease the manpower shortage in small and medium businesses, the deputy prime minister said that the government will conduct a comprehensive field survey of the manpower shortage and study the question of brining in more foreign labor, if necessary.

In addition, to encourage small- and medium-sized firms to actively participate in investments necessary for privatizing public cooperations and expanding social overhead capital, the government plans to allow small and medium businesses to jointly participate in these investments in the form of a consortium. At the same time, in allocating the credit guarantee fund, the government will give priority to small and medium businesses investing in infrastructure development.

On the other hand, during the breakfast meeting the Korea Federation of Small Business made recommendations regarding the difficulties confronting small and medium businesses, including recommendations to bring in more foreign technical personnel, allow more small businesses to participate in the privatization of public corporation, and increase the mutual-aid business fund.

On the issue of expanding the number of foreign technical personnel, the federation noted that, because only 20,000 foreign technical trainees may be brought in this year, most small- and medium-sized firms, which engage in the types of business that Korean workers shun, will be in danger of losing their competitiveness. For this reason, the federation recommended a drastic increase in the number of foreign technical personnel allowed to be brought in.

In addition, the federation pointed out that, among the public corporations earmarked for privatization, the Korea Highway Corporation is best fitted for participation by small- and medium-sized firms in terms of the scale and nature of business. On this ground the federation demanded that only small- and medium-sized firms be allowed to participate in the privatization of this public corporation.

Private Consortia To Bring Broadcasting Changes

SK1208012294 Seoul THE KOREA HERALD in English 12 Aug 94 p 1

[By staff reporter Kang Sung-chol]

[Text] The nation's broadcasting industry is undergoing a major change that could be compared in scope with the introduction of local autonomy in politics.

The change will be accelerated with the government's announcement Wednesday [10 August] of private consortia to run local commercial television stations in the our major provincial cities of Pusan, Taegu, Taejon and Kwangju.

The new stations will begin operations sometime next year, in time with elections of local administrative chiefs, which will be revived after a suspension of over three decades.

The nation currently has just one local commercial TV station, the Seoul-headquartered Seoul Broadcasting System (SBS) which covers mainly the capital area.

The ushering in of an era of commercial TV will mark a major milestone in the nation's broadcasting history, along with the start of cable TV and the launch of a broadcast satellite, also slated for next year.

On the effects of local commercial TV, Information Minister O In-hwan said, "The viewers will have more channels to choose from, which means they will be able to gain more diverse information on the administration, industry, culture and other fields."

He also predicted positive effects on regional economic development, observing that the new networks will increase both investment and jobs.

Experts said the new TV stations will contribute greatly to invigorating the media, arts and culture in their respective regions.

As independent stations run by a consortium of local firms, they will be different from the existing ones affiliated with the state-run Korean Broadcasting System (KBS) and the Munhwa Broadcasting Corp. (MBC), they noted.

They said, however, the provincial stations will face a number of difficulties, foremost among them being the securing of programs.

Even some government officials voiced concern about the quality of the programs of the new TV broadcasters, particularly in the initial stages.

Minister O said the ministry will ask the local TV companies to allot at least 15 percent of total broadcast hours to local programs. In the screening process, the consortia are said to have told the ministry that they would keep the ratio of in-house programs at 40 percent.

The experts, however, voiced skepticism over whether the new stations will have enough money and know-how needed to produce programs such a news and drama on their own. They noted that the ratio of locally produced programs does not exceed 10 percent at many of the provincial stations of KBS and MBC.

Because of the difficulty in producing programs, the provincial stations are expected to form partnerships with Seoul's SBS, hooking up with a nationwide network.

If the provincial stations do not play their roles properly in the partnership, they would become subordinate to SBS, just serving as a relay station, the experts warned.

They also said there may be "conflicts of interest" in dealing with sensitive issues such as the building of nuclear waste disposal sites.

The provincial stations may put regional interests ahead of national ones, in an attempt to cater for local viewers, thus exacerbating the phenomenon of "regional egoism."

Meantime, TV ad markets in the provinces are expected to undergo changes as the new station swill compete with the existing ones affiliated with KBS and MBC.

KBS and MBC are under the so-called public management system. KBS is run by the state, and MBC by an organization named the Foundation for the Promotion of Broadcast Culture which took over 70 percent of MBC's shares from the state in 1988.

In addition to the two networks, the nation currently has the commercial SBS and the Educational Broadcasting System (EBS) which is under the supervision of the Education Ministry.

Steps Against Exports of Forgeries Recommended

SK1208002794 Seoul THE KOREA TIMES in English 12 Aug 94 p 8

[Text] The Korea Trade Promotion Corp. [KOTRA] has recommended the government draw up a measure to prevent faked goods from being exported as they tarnish Korea's to Korea's image [as published].

More than 60 percent of the 558 cases checked over one year from September, 1992, in Japan were found to be forged, KOTRA said, quoting a report from its branch in Tokyo. The figure is compared to the 15-34 cases of pirated goods found from traders of China, Hong Kong and Taiwan, according to KOTRA.

To prevent exports of faked goods, the government should take proper measures and tighten customs inspection, KOTRA said.

The report said that the number of cases checked marked a 48 percent decrease from the 692 cases in the previous year but the quantities involved increased 7.5 percent. There were decreases of 40-odd percent in comparable goods by Chinese and Hong Kong traders, it said.

A KOTRA official feared that this may lead to bilateral trade friction with the growing protectionist moves in intellectual property rights circles worldwide ahead of the inauguration of the World Trade Organization (WTO).

Petrochemical Firms To Expand Production

SK1208005794 Seoul THE KOREA HERALD in English 12 Aug 94 p 8

[Text] Domestic petrochemical companies are expanding or plan to expand production capacity in response to growing demand both in the nation and abroad.

A rise in prices, resulting from worldwide shortages, is encouraging domestic petrochemical companies to increase investment in capacity expansion, industry sources said yesterday.

But the government, which designated the petrochemical industry for "industrial rationalization" in March 1992, may intervene to prevent petrochemical companies from increasing the production of some items.

Daelim Industrial Co.'s petrochemical division, which sells ethylene and propylene surpluses both in the domestic overseas markets, plans for the production of an additional 100,000 tons of polyethylene and polypropylene each.

If construction starts in its Yochon complex next year as planned, Daelim will be able to operate its new plants beginning in 1997.

Daelim has recently dedicated a plant capable of producing 100,000 tons of linear, low-density polyethylene a year.

Samsung General Chemicals Co. plans to increase the production of styrene monomer, which is in short supply on the world market.

The company, which has an annual production capacity of 240,000 tons, is studying the possibility of building a new plant in its Taesan complex to produce an additional 200,000 tons or building a plant in China in a joint venture with a Taiwanese company to produce 300,000 tons.

To import technology for styrene monomer production, it is contacting foreign petrochemical companies.

Hanyang Chemical Corp., which plans to invest 100 billion won to build a plant capable of producing 100,000 tons of octanol a year by 1996, has notified the Ministry of Trade, Industry and Energy of its plan to import technology from a German company.

Hanyang is also considering expanding its PVC [polyvinyl chloride] plant under construction to increase its planned annual production of 145,000 tons to 200,000 tons. The plant's dedication is scheduled for next year.

Lucky, Ltd. is expanding its octanol plant to produce an additional 100,000 tons a year beginning in 1996. The company, which is building a PVC plant to produce 40,000 tons a year, is considering increasing production by an additional 200,000 tons.

Samsung Develops Ultra-Flat Televisions

SK1208002394 Seoul THE KOREA TIMES in English 12 Aug 94 p 8

[Text] Samsung Electronics Co. will put on sale a new TV model with an ultra-flat picture tube from late this month.

The TV mode dubbed "Masterpiece" has been developed in joint research by five Samsung subsidiaries costing 9 billion won for the past three years, a Samsung spokesman said.

The new TV model, whose consumer prices have yet to be decided on, were displayed at a presentation session for some 1,000 domestic agents at Hotel Silla yesterday. The new model has 25-inch and 29-inch Braun tubes.

Samsung introduced the new TV sets as "the world's best," one degree more advanced than existing ones in terms of picture quality, sound, design, convenience and environmental protection, he said.

In particular, the new models are designed so that 29-inch TV sets can be put in places where previously only existing 21-inch ones were suitable, he said.

The company will hold presentation sessions in the provinces and in foreign countries as a part of its active public relations campaign.

Brunei, Malaysia & Singapore

Malaysia

Peacekeepers To Remain in Bosnia

BK1008142194 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 10 Aug 94

[Text] Malaysian peacekeepers will remain in Bosnia-Herzegovina even at their own expense if the role of the UN Protection Force [UNPROFOR] changes in that country. Defense Minister Datuk Sri Najib Tun Razak said the action will depend on developments in Bosnia-Herzegovina itself, the United Nations, and major powers. He said the capacity of Malaysia as a small nation should be taken into account although the (?size), role, and mandate of a Malaysian peacekeeping force has yet to be determined. He was speaking to reporters after meeting members of the Veterans Association in Kuala Lumpur today.

According to Datuk Sri Najib, the cabinet reaffirmed during a weekly meeting today Malaysia's policy of remaining in Bosnia-Herzegovina if the United Nations pulls out its troops from there.

Outlook for Trade With South Africa Viewed

BK1108124094 Kuala Lumpur Voice of Malaysia in English 0810 GMT 11 Aug 94

[Station commentary]

[Text] Nelson Mandela's government has been in office for just under 100 days. The journey which South Africa has embarked upon is a long and daunting one. The tasks ahead are arduous. The Republic needs all the support and cooperation of the international community to strengthen its political, economic, and social uplifting.

Malaysia lifted its trade ban on South Africa last September after the abolition of apartheid and the move towards establishing the country's first all-race democratic government. Malaysia's minister of international trade and investment [title as heard] is now on a five-day visit to South Africa accompanied by a 200-member-strong trade delegation—the largest mission to the Republic to date. The mission is targeted at boosting renewed bilateral trade relations and seeking a foothold in South Africa. Malaysia's policy is to render all necessary cooperation and expertise in efforts to develop South Africa and economically uplift its people, especially the indigenous community.

Resolving the problem of basic housing is the key to the Republic's stability. The Malaysian minister's visit will be marked by the signing of an agreement between a South African corporation and a Malaysian company for a 180 million ringgit venture to build 40,000 low-cost houses, clinics, and community centers near Johannesburg. Apart from housing, two other issues that the South African Government has to address immediately are employment and education. Then there are the matters of health care, social services, and amenities—particularly in black townships.

All this will take long time to bear fruit. But fortunately, South Africans have the resources and potential to succeed, and succeed they must. South African blacks, who have been denied for so long, naturally want to see results and there is a sense urgency and impatience. The cornerstone of the South African Government strategy is its reconstruction and development programs and the affirmative action policy; the former geared towards economic and social upliftment of the poor through better education, health care, and social services, while the latter is aimed at giving more employment opportunities to the long-neglected blacks.

The vision is sound, but again, it will be a painstaking effort. Due attention should be given to the development of small black businesses and exploiting a potential consumer market of 40 million people with a potential of purchasing all sorts of goods and services. Malaysian businessmen have been urged to look beyond profit margins when considering the investment potential and the promise of a nation that could well serve as a springboard for a vast and potentially lucrative hinterland.

South Africa, freed from the shackles of apartheid, is now in the process of charting its own future in an increasingly uncertain world. Nation building is not an easy task. The Republic needs the help of friends in its economic reconstruction. Malaysia is ready to play the role of a willing partner in South Africa's search for a place under the sun and a better life for its people without distinction for color or creed.

Sabah Minister, Deputy Minister Sworn In

BK1208083494 Kuala Lumpur Voice of Malaysia in English 0600 GMT 12 Aug 94

[Text] Sabah Democratic Party, PDS, President Datuk Bernard Dompok was sworn in as a cabinet minister before the yang di-pertuan agong [paramount ruler], Tuanku Jaafar, at the Istana Negara [State Palace] today. Deputy president of the People's Justice Party, also of Sabah, Datuk Dr. Jeffrey Kitingan was sworn in at the same ceremony as a deputy minister. Prime Minister Datuk Sri Dr. Mahathir Mohamed witnessed the swearing-in. Datuk Dompok, 44, has been appointed a minister in the Prime Minister's Department, while Datuk Jeffrey is to be deputy minister of housing and local government.

A former Sabah deputy chief minister and state minister of finance, Datuk Dompok is currently a member of parliament and also a state assemblyman. He joined politics in 1985 and rose to become deputy president of the Sabah United Party, PBS, which he quit after the state election early this year to form PDS.

Datuk Jeffrey, 45, a Harvard university graduate, and formerly director of the Sabah Foundation is [words indistinct] as a senator.

Minister Urges Stepped-Up Naval Patrols

BK1108134894 Kuala Lumpur BERITA HARIAN in Malay 3 Aug 94 p 4

[Text] Kuala Lumpur, Tuesday—Asia-Pacific nations should step up coordinated patrols and joint exercises to guarantee the security of waters in the region.

Defense Minister Datuk Sri Najib Tun Razak said that although such cooperation exists, there is plenty of scope for enhancing it for the common interest.

He said that the military aspect should not be excluded from such cooperation because it is very important to ensure the security of waters in the region.

"Military forces have seldom been involved in discussions about the security of waters, although they contribute to the creation of world security.

"In this regard, it is necessary for nations to enhance mutual trust and understanding by involving military forces in the creation of safe waters in the region," he said. He stated this when delivering a key-note address at a meeting on measures to enhance mutual trust in Asia-Pacific waters here today.

The meeting organized by the Malaysian Maritime Affairs Institute is being attended by almost 100 senior government officials and members of the private sector.

Najib said that Malaysia emphasizes the security of waters because not only does it contribute directly to economic development, but it is also linked to other economic activities.

According to him, congestion in the Melacca Straits, where 300 to 500 ships pass everyday, has reached an alarming level and should be tackled immediately.

In addition, he said that the government is also facing several problems in the nation's waters such as overlapping claims, intrusion by foreign fishermen, piracy, and smuggling.

Over the past three years, 1,975 foreign vessels have intruded into the nation's waters, but only 158 of them were captured in 1991, 92 in 1992, and 105 last year.

"Local fishermen risk pirate attacks. Twenty-six cases were reported last year as against 14 cases in 1992, while 19 cases were reported in the first five months of 1992.

"However, the number of pirate attacks on commercial vessels decreased to only one last year from six in 1992 and five in 1991," he said.

On the ASEAN Regional Forum [ARF] talks in Bangkok last week, Najib said that the process of setting up more integrated regional security cooperation has started.

"The fact that the forum included three other nations demonstrated ASEAN's policy of not excluding anybody from any discussions," he said.

Although the ARF talks were quite short, the forum at least opened up the way toward enhancing cooperation among nations in the region.

Speaking to reporters later, Najib said that Malaysia was proud of the ARF's progress, particularly the efforts to enhance defense cooperation.

According to him, information obtained from the talks was every encouraging and the government hoped that it would be developed in the future.

Singapore

Joint Military Exercises With Thailand Begin

BK1108120994 Singapore Singapore Broadcasting Corporation in English 1100 GMT 11 Aug 94

[Text] The Singapore and Thai Navies have begun a nine-day exercise codenamed Sing-Siam 94. It is the ninth in the series. The exercise will involve eight ships and about 500 officers from both sides. Aircraft from the Republic of Singapore Air Force will also take part, and for the first time a tactical training center will be used so that participants can practice tactics and procedures on the computers.

Mindef [Ministry of Defense] says that Exercise Sing-Siam will now be held biannually instead of once every three years to enhance mutual cooperation and understanding.

Second Quarter Economic Survey Shows Growth

BK1108110694 Singapore THE STRAITS TIMES in English 11 Aug 94 p 1

[Report By Tan Kim Song—all dollar figures in Singapore dollars]

[Text] Singapore's economy grew by 9.3 percent in the second quarter, with manufacturing contributing close to 40 percent of the total growth.

Much of the impressive performance by the manufacturing sector, which posted a 14 percent growth last quarter, was due to the buoyancy in the electronics, industrial chemicals and gases, and machinery industries, said the Ministry of Trade and Industry (MTI) yesterday in its second quarter economic survey of the year.

The MTI report noted that, except for financial and business services, the April-June growth had remained broad-based.

The construction sector, for example, grew by 13.2 percent—a significant improvement over the 10.9 percent growth registered in the first three months of the year.

Growth in the commerce, transport and communications sectors, though slightly down from the previous quarter, remained at a respectable 8.3 percent and 9.6 percent respectively.

The sharp drop in the financial and business services sector's growth—was attributed mainly to the slowdown in the stock market and the real estate activities.

The strong second quarter results, together with a substantial revision of the first quarter GDP growth figure—from 11 percent to 11.8 percent—have boosted the half-yearly growth rate to 10.5 percent, as announced by the Prime Minister in his National Day message.

They have also led to an upward revision of the official growth forecast for the whole year, from 6-8 percent to 9-10 percent.

Commenting on the revision of the first quarter results, the MTI spokesman said this was not an unusual practice.

"We calculated the first quarter growth rate based on the information then available. As new information becomes available, we naturally have to revise the figures."

Another positive development in the second quarter came from the rise in manufacturing investment commitments, which hit a record quarterly high of $1.4 billion.

Leading the pack was the United States, which contributed about $639 million worth of investment commitments. In total, foreign investors accounted for 74 percent of all new commitments.

The MTI spokesman also said that it was unlikely to see an overheating in the economy this year.

In fact, with the consumer price index (CPI) rising at only 3.5 percent, the Government now expects prices to increase by about 4-4.5 percent for the whole year, which is lower than its earlier forecast of 4.5-5.5 percent.

Labor productivity grew by 4.1 percent from April to June, down from the spectacular 7.1 percent achieved in the first quarter.

"As employment picks up, it is natural that productivity growth will slow down somewhat," said the MTI spokesman.

The Government's optimistic outlook appears to be shared by the private sector.

MTI's surveys on business expectations, for instance, have found that most firms in the manufacturing, commerce and services sectors are upbeat about their business prospects in the second half of the year.

"As our export markets shift more to East Asia from the traditional OECD countries, we can expect the same growth momentum in the manufacturing to continue," said the research head of a locally listed stockbroking firm.

Yesterday's economic report appeared to lie within the stockbroking community's expectations. The ST [STRAITS TIMES] Industrial Index closed 8.85 points higher, to reach 2276.50 at the end of the day.

Cambodia

Government Surrounds Khmer Rouge Base

BK1208061194 Hong Kong AFP in English 0529 GMT 12 Aug 94

[Text] Phnom Penh, Aug 12 (AFP)—Several thousand Cambodian troops and elite police have surrounded a KR jungle base and cut off its supply lines in a bid to pressure the guerillas into releasing three foreign hostages, a senior government official said Friday.

"Many of our troops have been deployed in the whole area, thousands I think, and we have surrounded them," the official told AFP.

"The Khmer Rouge have to decide whether they want to continue to detain the foreigners or solve this problem peacefully," he said.

"Our objective is to get the hostages released but the government itself cannot become a hostage to Khmer Rouge demands."

The guerrillas seized Australian David Wilson, 29, Briton Mark Slater, 28 and Frenchman Jean-Michel Braquet, 26, in a train ambush in southern Kampot province on July 26.

The three are being held in the jungle headquarters of Khmer Rouge Commander Paet in Kampot's remote Kompong Trach distict, some 130 kilometers (81 miles) south of the capital.

The guerrillas have asked for a ransom of some 50,000 dollars in gold for the release of each of the three.

Ranariddh Views Armed Forces Consolidation

BK1208093494 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 11 Aug 94

[Speech by Prince Norodom Ranariddh, first prime minister of the Royal Government of Cambodia and co-commander in chief of the Khmer Royal Armed Forces, at a seminar on the restructuring and consolidation of the army at the Defense Ministry on 11 August—recorded]

[Summary from poor reception] Today, we are happy to hold a seminar "to review the 1993-1994 dry-season military situation concerning the Khmer Royal Armed Forces [KRAF] and to disseminate the principle and measures of the works to restructure and consolidate our

KRAF strength." This event also is to mark the first anniversary of the creation of KRAF.

As all of you are already aware, members of our KRAF have united perfectly to undertake the task of preventing violations and destructive activities committed by the Khmer Rouge [KR]. The latter has not only refused to respect and implement the Paris accord, but also has rejected every proposal and appeal by the Royal Government of Cambodia [RGC]. The group continues to manifest its antinationalist stance and further refuses to implement a cease-fire. In brief, the National Assembly, the legitimate representative of the people, "unanimously adopted a bill to outlaw it on 7 July 1994" since the KR relinquished the national community itself. Moreover, the group has also shut the door to itself by creating "the so-called government of national union and national salvation."

Along with fighting on the battlefield, the entire Army also gradually has been reorganized. "It has enhanced its capability to carry on the work of fighting the rebels and bandits; it has persuaded a great many KR officers and rank and file to return to national fold; it has successfully defended the RGC; it has maintained law and order and protected the people's livelihood, and it has restored the confidence of the people from all social strata and of the international community." Our KRAF has elevated the image of the government, enabling it to further bolster itself to lead, rehabilitate, and redevelop the country.

I would like to sincerely praise the heroic and courageous KRAF officers and rank and file as well as the militia and police forces for their all-out moral and physical efforts to defend their positions, the people, the RGC, and democracy.

Availing myself of this opportunity, I would also like to pay tribute to the souls of the officers, rank and file, militiamen, policemen, and public servants "who have bravely sacrificed their lives to the cause of our nation, religion, and monarchy." And I would like to extend my sympathy to our wounded and sick combatants receiving treatments at various hospitals. I wish them all speedy recovery so they can rejoin their families and resume their duties soon.

Likewise, I would like to sincerely commend all senior officers, officers, and rank and file at the General Staff headquarters and the Defense Ministry, the forces of the Interior and National Security Ministry, and all armed units for "their most important and effective participation in the prevention of the plot and attempt by a tiny group of traitors to stage a coup d'etat to topple the legal royal government." In general, it can be said that "the military and police forces are loyal to the RGC. They have no political leaning and do not serve the policy of any political party at all."

On this auspicious occasion, I would like to call on all fellow compatriots to unite closely and love one another ardently for the supreme cause of our nation. The main objective of national reconciliation and economic and social development is to provide the people with enough food and clothing, houses, and medical care. In particular, the KRAF should strive to maintain security for the people, allowing them to do their businesses freely. The KRAF is duty-bound to join in rebuilding and redeveloping the country toward prosperity and glory.

The objective of this seminar is to disseminate the plan to build up the Army strength, and I hope that it will help make the audience understand about the basis of our commandment and activities in the future, especially in this current rainy season and the dry season to come. I urge all the participants to voice their opinion on the implementation of the plan to build up the Army strength and reorganize regional armed units and local militia forces in an efficient fashion. What we should do now is to make our Army responsible for its tasks and to cooperate in carrying out the task of preventing the destructive activities committed by the KR rebels and bandits. We also should improve gradually the combat quality of our Army with a view to transforming it into a regular, strong, and fully-equipped Army to defend the people and our beloved motherland's territorial integrity. This is to create favorable conditions for the restoration and development of the country in the future.

Before declaring this seminar open, I "urge all senior officers to highly evaluate the project to reorganize our KRAF. It is a must for us to guarantee the future, dignity, fame, and efficiency of our KRAF. National and international communities as well as foreign governments at every corner of the world are awaiting our KRAF's decision to reform itself.

Recently, the co-commanders in chief wrote to His Majesty the King, asking for his permission to restructure our KRAF. Yesterday in Beijing, His Majesty said "if our KRAF are able to achieve their project of historic significance, he would like to declare to all generals and rank and file who are his children that he does not only support but also wholeheartedly praises them." We should dare say that even though our KRAF have carried out their sacred task of defending the nation and insuring security for the people, our reputation in the face of the international community is not as good as we hope. As you know, friendly countries, which are prepared to respond to the RGC's call for the military aid that we badly need to defend our people, have told us that "it is difficult for them to assist us unless there is restructuring." Now, major friendly countries, such as the United States, France, Australia, and some Southeast Asian countries have enthusiastically welcomed the government-endorsed project to restructure our KRAF initiated by the Defense Ministry and the KRAF General Staff.

I and Prime Minister Hun Sen wish to earnestly urge the seminar to highly study and evaluate the need of the entire nation to restructure our KRAF. According to an opinion poll, our senior officers, noncommissioned officers, and rank and file zealously support our most correct and necessary plan. The United States and Australia let us know that they are preparing to help the KRAF to enable it to undertake the task of serving the nation. "In fact, the United States does not want even to see the reform, saying it will urgently provide training and materials to our expert team." It is ready to finance the construction of barracks and training centers for our Army. It promises to supply transport means that we need badly and give us a 20-kw radio transmitter so we are able to broadcast our propaganda in a highly efficient manner. "They say if we agree to implement our aforementioned plan, they will help pay and even increase the wages of our combatants; however, they tell us to eliminate the so-called phantom soldiers." The United States and Australia have also told us that they will provide us with uniforms. "The assistance represents the biggest step toward reorganizing and making the KRAF a disciplined and regular army having the capability to undertake our sacred task and mission."

President Clinton wrote to both of us, prime ministers and co-commanders in chief, that "immediately after we begin implementing our Army restructuring project, the United States will ponder ways to provide armaments to our KRAF." [applause] And President Francois Mitterand of France has also conveyed a letter of the same significance to the two prime ministers.

In sum, those countries are ready to help us. Nonetheless, they want us "to show our determination to help ourselves first before they help us." Therefore, the seminar is urged to highly evaluate the plan presented by the RGC, the Defense Ministry, and the KRAF General Staff.

On behalf of the RGC, His Majesty King Norodom Sihanouk Varaman, Samdech Hun Sen, and in my own name, I would like to solemnly declare the seminar open as of today and wish it every success.

* Diplomatic Sources on FUNCINPEC

[Editorial Report] The 17-23 July SIAM RAT SAPDA WICHAN on page 31 carries a column by "Lan Fong" under the rubric "Focus on Indochina." The writer claims that FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] leader and First Prime Minister Norodom Ranariddh is opposed by Norodom Sirivuth, Sam Rangsi, Veng Sereivuth, Ek Sereivoat, and Ung Huot. These opponents say Ranariddh "tends to go along with what the CPP [Cambodian People's Party] wants on many issues and doesn't try to take a true leadership role. He even tries to pressure" FUNCINPEC members into agreeing with him.

As for the CPP's internal problems, Lan Fong views the reported Hun Sen-Chea Sim differences as driven by Chea Sim's dissatisfaction over Hun Sen's policy of distancing Cambodia from Vietnam and Hun Sen's propensity for "going along with FUNCINPEC." Lan Fong quotes a diplomatic source as saying that "CPP internal disputes are serious enough to have made the holding of a scheduled party congress impossible." This source predicts that these differences will be resolved "because of the necessity to eliminate the Khmer Rouge."

Lan Fong views King Sihanouk's disinclination to sign the legislation outlawing the Khmer Rouge as having helped the CPP assert political dominance over FUNCINPEC. The constitutional amendment allowing CPP Chairman and acting head of State Chea Sim to sign the legislation in his stead "certainly is an indicator that political power is back in CPP hands." A Phnom Penh-based diplomat claims the United States' disapproval of the early July coup attempt forced the CPP leadership "to get back on board" and let General Sin Song and Prince Chakkrapong take the blame for what had been planned for two months. The CPP "had to deflect public opinion by implicating Thais" in the coup attempt. Lan Fong says the CPP gained three objectives in a single stroke: the coup attempt "pressured FUNCINPEC dissidents to accept the outlawing of the Khmer Rouge, destroyed Thailand's image in world opinion, and pressured Thailand into helping them suppress the Khmer Rouge."

* FUNCINPEC Colonel Arrested as Bandit Leader

[Editorial Report] According a report published in the 14 July KAOH SANTEPHEAP, Ta Khmau District, Kandal Province police arrested an armed bandit gang that had long operated in the area. The article noted that the gang was led by a FUNCINPEC [National United Front for and Independent, Neutral, Peaceful, and Cooperative Cambodia] police colonel, Hin Theuan. After being wounded by the Khmer Rouge, the colonel sold his police position for $800 and joined the bandits.

Hun Sen Departs for Beijing To Brief Sihanouk

BK1108113194 Hong Kong AFP in English 1113 GMT 11 Aug 94

[Text] Phnom Penh, August 11 (AFP)—Cambodian co-premier Hun Sen left for Beijing on Thursday to brief the ailing King Norodom Sihanouk on an investigation into a recent attempted coup, Prince Norodom Ranariddh said.

"His Excellency Hun Sen went to Beijing to report to the king about the coup issue," Prince Ranariddh, the second co-premier told AFP.

Defence Minister Tea Chamrat and four other senior officials from the coup investigation committee accompanied Hun Sen to Beijing where King Sihanouk is undergoing cancer treatment.

A senior government official, who asked not to be identified, said Hun Sen would inform the king that charges would be brought against the alleged coup leaders, including the monarch's son.

The government has accused the king's son Prince Norodom Chakkrapong and former interior minister Sin Song of being the ring-leaders of the July 2 coup attempt.

Prince Chakkrapong, however, was allowed to leave the country following the intervention of his father, and is currently in France.

Secretary of state for the interior Sin Sen was also arrested along with a senior police official. Several other senior security officials on the wanted list fled the country.

"If the government is to charge these people, Prince Chakkrapong must also be charged. That is the reason why the co-premier went to Beijing," the official said.

"The government will charge him even in absentia," he added.

The official went on to say that four of 14 Thai nationals detained in connection with the failed putsch would soon be freed but that the rest would also be charged.

Phnom Penh also wanted to question a further 18 Thai nationals about the coup, he said.

The 18 had booked seats to come to Cambodia on the same plane as the group of 14 currently detained here but cancelled the trip at the last minute, he said.

"We want to question these people if we get permission from the Thai government," he said.

The government foiled the coup late July 2 when loyalist troops intercepted some troops travelling in a convoy that was prevented from advancing on the capital.

* Defense Ministry Supports Ex-Sihanoukist Troops

[Editorial Report] The 16 July REAKSMEI KAMPUCHEA on page 5 carries an article describing defense ministry procedures for payments to disabled former Sihanoukist National Army of Independent Cambodia [ANKI] personnel. An official of the Military-Civil Affairs Bureau said that of approximately 1,290 eligible ANKI personnel, some 200 have reported to the Defense Ministry to complete applications and 58 are being paid.

The official noted that the old ANKI identification cards are not valid for salary payments; new cards will be issued following Defense Ministry inspection and an examination by the January 1979 Military Hospital. After receipt of the new cards, ANKI personnel are paid military salaries by the Defense Ministry for three months and then are turned over to the Ministry of Social Affairs for payment of pensions and allowances.

Another official from the same bureau reported that there were nearly 5,000 dependents of deceased ANKI troops who were "granted recognition" by the Defense Ministry in June. Some 800 of these have completed the process for receiving monetary allowances from provincial authorities. Both officials urged former ANKI troops and dependents of deceased troops to apply for government benefits.

* Interior Minister: Thai Suspects 'Uncooperative'

[Editorial Report] The 20 July SIAM RAT on page 3 quotes Interior Minister Yu Hokkri as saying that the 14 Thai suspects arrested on suspicion of involvement in the 3 July coup attempt "were not cooperating" with government investigators. "This is tantamount to prolonging their own detention," he said, noting that the detainees would be interrogated individually because the government has information that "some of them were involved in planning the assassination of Cambodian Government and military leaders." He added that the government "will have to find a way to force the truth out of" them.

Other officials reported that searches have revealed many among the 14 were in possession of military uniforms and "there have been reports that some of them were sharpshooters who may have been hired" to carry out the assassinations.

AKP Replies to Statements by Thai Officials

BK1108141194 Phnom Penh AKP in French 1008 GMT 10 Aug 94

["Thailand and Us"—AKP headline]

[Text] Phnom Penh 10 Aug (AKP)—The Kingdom of Cambodia is a small, weak country, both economically and militarily. Furthermore, we have not yet reunified the country completely nor reconciled all the nation's active forces.

For several months, relations between the two countries have been poor.

Recently, General Charan Kunlawanit, National Security chief, has even threatened to expel the Cambodian ambassador from Bangkok. Thai Commander-in-chief Wimon has "lobbied" against any country providing us with military aid.

We know the strategic reasons for these maneuvers and we have noted the following aims of Thai policies toward Cambodia:

1. To take advantage of the country's economic interests (by doing business even with the Khmer Rouge outlaws).

This business benefits mainly corrupt Thai officers and businessmen in Bangkok.

2. To disunite the royal government in order to achieve a strategy of economic domination in the region.

Bangkok uses the Khmer Rouge as it did during the time of His Majesty the King [Sihanouk] in the 50's and the 60's with the "Khmer Serei" [Free Cambodian]. It is no secret that military attaches and diplomats accredited to Bangkok know that Thailand, particularly the military, supports the Khmer Rouge.

The current situation is only a continuation of Thailand's old policy of dividing and weakening the Kingdom of Cambodia.

3. We have also noted that Thailand has border problems with all its neighbors: Burma, Laos, Cambodia, and Malaysia. This is rather strange.

We are small and weak, but we do not accept insults and injuries coming from our hypocritical neighbors.

Industry Minister Stresses Need for Investment

BK1208094294 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 12 Aug 94 p 4

[Text] Pu Sothirak, minister of industry, mines, and energy, has said that "the government cannot use the national budget to develop the industrial sector." He also stressed that the industrial sector in Cambodia depends entirely on foreign or private investment.

The energy sector, development of medium-sized industries, processing of local resources, and oil and gas exploration and exploitation are the four strategic fields the minister has focused on.

Pu Sothirak disclosed that there are no more than 20 private companies planning to invest in the electricity field and that the ministry was considering ways to grant concessions to those companies. The minister's disclosure was probably an answer to people's questions regarding the severely-criticized electricity shortage.

Concerning investment in the industrial sector, the minister noted that 10 private companies are conducting negotiations to invest in the refining of oil. As for a textile factory in Kompong Cham Province, a Shanghai investment company has already expressed interest.

It is worth recalling that there are no more than 70 factories in Cambodia and that almost all of them have already been handed over to the private sector.

Pu Sothirak said: "We should focus our attention on factories that will employ a great many workers."

As for oil and gas, the state has successively called for bids. It has been reported that there are a total of seven offshore oil fields, including four that have already been offered at auction.

It is hoped that the investment law the National Assembly just adopted will be simple and will attract investors to Cambodia's industrial sector.

Indonesia

Japan Asked To Halt Aid To Jakarta

OW1208035994 Tokyo KYODO in English 0232 GMT 12 Aug 94

[Text] Dili, Indonesia, Aug. 12 KYODO—An East Timor bishop has asked a visiting suprapartisan group of Japanese legislators to exert influence and help halt Tokyo's economic aid to Jakarta to pressure Indonesia to stop the alleged clampdown on people in the former Portuguese colony.

Carlos Filipe Belo, who has drawn recommendations for the Nobel Peace Prize from U.S., Swedish and Japanese lawmakers for his longtime defense of human rights in the Indonesian-controlled territory, made the request in a two-hour meeting Thursday [11 August] with the delegation, the lawmakers said.

The prelate told the legislators repression by Indonesian troops in East Timor has frightened the local populace from speaking out, they said.

Belo is seen by many East Timorese and overseas human rights groups as a symbol of effort to preserve the Catholic faith and keep their cultural identity in mainly Islamic Indonesia.

Japan is Jakarta's largest aid donor, with economic aid totaling 235 billion yen in 1991 alone.

The visiting delegation, the first group of Japanese legislators to visit East Timor, includes three legislators from the Social Democratic Party (SDP) [of Japan—SDPJ] and one each from the Liberal Democratic Party (LDP) and the Japan New Party. The SDP and the LDP are both partners in the coalition government of Prime Minister Tomiichi Murayama.

Their visit came as a standoff between the East Timorese Catholic Church and the Indonesian troops that rule the territory has reached a peak after a June incident in which troops trampled communion wafers during a mass.

Belo also entrusted the legislators with a message to the government and people of Japan in which he said Jakarta must choose one of two options if it is to resolve the East Timor problem—to give a substant [sentence as received]

Earlier in the day, the Japanese legislators, led by SDP lawmaker Tomiko Okazaki, held separate meetings with East Timor Gov. Osorio Abilio Soares and the commander of the Indonesian troops stationed there, Maj. Gen. Adang Ruchiatna.

The legislators urged the two to ensure the Indonesian Military do not repeat the bloody 1991 Santa Cruz Cemetery crackdown, where scores of proindependence demonstrators were allegedly shot to death.

An Indonesian Government-installed commission found that 50 protesters were killed and 91 people went missing after the shooting. Human rights groups like Amnesty International, citing eyewitness accounts, claim up to 180 were gunned down.

Indonesia invaded and annexed East Timor in 1976, but the United Nations still recognizes Portugal as the legitimate administrating power of the east half of the island.

Suharto's Son-in-Law Rising Through Ranks

BK1208044494 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 18 Aug 94 p 30

[Article by John McBeth: "Star Quality"]

[Text] Big things are expected of Col. Prabowo Subianto. The son-in-law of President Suharto and a group commander in the Indonesian Army's elite Kopassus (special forces) Regiment, the 42-year-old colonel is already being tipped to attain general's rank within the next two years, a period in which Indonesia prepares for what may be major political changes in the decade ahead.

With another Red Beret-trained relative, army commander and Suharto brother-in-law Gen. Wismoyo Arismunandar, 54, due to reach retirement age next February, Prabowo is seen to be emerging as what one military analyst calls the "future family guardian." His next step up, according to most sources, is likely in a new round of promotions expected in the coming weeks.

It is not clear whether Wismoyo will get an extension. That presidential prerogative has usually been reserved for the armed forces chief of staff. If Wismoyo does retire as scheduled, he is likely to be replaced by his deputy, Lieut.-Gen. Soerjadi, 52. In that case 4th Military Region chief Maj.-Gen. Soejono—a former presidential aide and son-in-law of Women's Affairs Minister Mien Sugandhi—is expected to take Soerjadi's job.

The third child of leading economist Sumitro Djojohadikusumo, Prabowo studied in England and the United States before entering the military academy in the early 1970s. At the academy he had a reputation for rebelliousness. Still, his career prospects always looked good, and with his 1983 marriage to Suharto's second daughter, Siti Hedijanti Herijadhi, 35, it was clear his rise through the ranks would not go unnoticed.

It doesn't hurt, of course, that the Djojohadikusumos have an impeccable pedigree. A close confidante of Suharto, father Sumitro was both trade and finance minister under President Sukamo. Later, after a falling-out with Sukamo, Sumitro spent 10 years in self- exile abroad, but returned in 1968 to hold the portfolios of trade and research in the early years of the Suharto administration. At 77, he continues to run a consulting company.

Prabowo's brother is respected businessman Hashim Djojohadikusumo, whose interests extend from cement (Semen Cibinong) to major "clean" coal deposits in Kalimantan (Adara) and even counter-trade with states of the former Soviet Union. He is also the sole Indonesian partner in an international consortium that has been contracted to build the US$2.4 billion Paiton private power station on the East Java coast.

One of the two daughters in the family is married to Bank Indonesia Governor Sudradjad Djiwandono. The other is the wife of a French executive working for an Indonesian business group. Prabowo's wife, Siti Hedijanti Prabowo, better known as Titik, maintains a lower profile than older sister Tutut. An economics graduate, Titik is the major shareholder in the Daya Tata Matra (Datam) group. It got its start as a distributor for the state-run Pertamina oil company, but has now got into banking and financial services.

It is understood Siti Hedijanti played a middleman's role in Merrill Lynch's successful bid to act as lead underwriter for October's public issue on the New York Stock Exchange of state-run telecommunications giant Indosat. Soon after that decision was made known, the American brokerage firm entered into a joint-venture deal with Hashim's Tirtamas Majutuma holding company to open a securities company in Jakarta.

It is not, however, a new relationship. Merrill Lynch was involved in the 1990 and 1993 public offerings of Semen Cibinong, Indonesia's third-largest cement maker after Indocement and Semen Gresik. It also managed the sale of I@'S interest in Indosat to the Indonesian Government in 1981.

"The Djojohadikusumos are genuinely capable people," says one business analyst who has closely followed their respective careers. "They're the real thing. They are people of ability and ambition. They're going to be controversial because of their connections, but while that doesn't hurt their prospects, it really doesn't explain all their success either."

There is no doubt Prabowo takes his profession seriously, with most of his now-blossoming career spent in Kopassus—the service that in the past has been synonymous with rapid promotion. His military training has taken him to Australia and West Germany and also includes courses in special warfare tactics in the U.S.

At different points in the early 1980s, Prabowo served his first tour in East Timor with Kopassus, and was also a member of Detachment 81, the unit's crack anti-terrorist squad. He was attached to an army infantry battalion in 1985-86. From 1988-89 he was commander of the East Timorbased 328th Battalion, part of the Strategic Command Reserve, which Suharto headed in putting down the communist-backed coup of 1965.

Prabowo was prombted to full colonel in 1992, and less than a year later became commander of the Bandung-based Kopassus Group 3, which doubles as the special forces training centre.

Analysts say Prabowo is likely to be appointed deputy commander of the regiment when the new round of promotions is announced. Under those changes, Kopassus commander Brig.-Gen. Agum Gumelar is slated to become 1st Military Region (Medan) chief of staff. That move is not seen to be altogether career-enhancing, even if Agum will form a strong partnership with regional commander and former presidential security squad chief Brig.-Gen. Pranowo.

Like Kopassus commanders before him, Agum previously held the concurrent post of head of the domestic affairs directorate at the Badan Intelijen Strategis Abri, or Strategic Intelligence Agency. That politically sensitive linkage was broken, however, with the agency's reorganisation early this year into the Badan Intelijen Abri and the redefinition of some of its functions.

The new Kopassus commander is expected to be Col. Sutiyoso, the Bogor provincial commander and one of the top achievers in the 1970 academy class. Another 1970 graduate, Brig.-Gen. Subagio, is likely to be the first to assume a regional command, while a third member, East Timor commander Col. Jhony Lumintang, is widely tipped to be the new chief of staff of the Bali-based 9th Regional Command.

Although Prabowo is described as energetic and capable by those who know him, military observers say he clearly has more power than his current position would suggest. It is something that may not always endear him to some of his colleagues. But as one Indonesian military affairs specialist says, "from now on, everything is possible" for Prabowo.

Article Views Military's Political Stand

BK1208053794 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 18 Aug 94 pp 27-28

[Article by John McBeth in Jakarta: "Hidden Currents: Army Brass Keep an Eye on New Political Alignments"]

[Text] Unlike their Javanese counterparts, the Bataks of Sumatra are not prone to mincing their words. In that sense, Maj.-Gen. Sembiring Meliala remains true to his roots, saying out loud what many of his colleagues in the Indonesian Armed Forces (Abri) keep to themselves. Last November, for example, Sembiring raised eyebrows around the country when he told the weekly DeTik that the military would never let a civilian become president.

Now in the twilight of his career, the former deputy chairman of the military faction in parliament is still shooting from the hip. In a wide-ranging interview, Sembiring, 54, reinforced previous military criticism of the closure of the weeklies Tempo, Editor and DeTik. Tempo, in particular, had highlighted a wrangle between Science and Technology Minister B. J. Habibie, a confidante of President Suharto, and Finance Minister Mar'ie Muhammad over the cost of purchasing and refurbishing 39 former East German warships bought by Indonesia.

"Not only the armed forces, but everybody in Indonesia agrees that such a move is no more relevant to the present situation," Sembiring savs about the closures. "When the students were shot dead in Tiananmen Square, the Chinese Government didn't shut down the press. But look at us. Just because of this German ship deal, the government closes down three major magazines. Why should this happen?"

Predictably, Sembiring denies he was acting as the military's chosen spokesman in the now-famous DeTik interview, in which he dismissed the possibility of a civilian president after Suharto. On that occasion Sembiring also belittled the political aspirations of Habibie and Information Minister Harmoko, the ruling Golkar party's first non-military chairman.

The general refuses to concede that his recent removal from parliament—along with 15 other military appointees—was a belated punishment for his outspokenness. But most analysts see it as further evidence of disturbances beneath the military's outwardly calm exterior. As one observer puts it: "There are a lot of currents out there that just don't flow together."

The mainstream military's concerns centre on Habibie and his relationship with the armed forces chief of staff, Gen. Feisal Tanjung, a 55-year-old Sumatran. Feisal appears to have won Suharto's confidence since he was appointed to the post in May last year. The president recently accorded him an "indefinite" extension of his tenure, which could see him still in the cabinet-level job during the March 1998 presidential election.

Feisal is one of the few senior officers to have a longstanding association with Habibie. Many of Feisal's colleagues believe Habibie has tried to turn the controversial Association of Muslim Intellectuals (ICMI), which he chairs, into a vehicle for personal ambition. Since its birth in 1990 under Suharto's patronage, the organisation's membership has grown to 20,000 cardcarriers and an estimated 80,000 other supporters. Habibie denies that ICMI is being used for political purposes. But that denial cuts little ice with a military deeply suspicious of any organisation with a religious or ethnic colouring.

"What Abri will never forego is anything that affects four things—national unity and stability, the 1945 Constitution, Pancasila [the state ideologyl and dwifungsi [dual function], which allows it a role in politics," says one analyst. "They represent the bottom line, and the military will come out in the open and act if it thinks there is a threat to any of these things."

Senior military officers will no doubt welcome recent signs of discord within ICMI. Opposition United Development Party MP Sri-Bintang Pamungkas, an ICMI office-holder, has been especially critical of the way he feels the body has departed from its prescribed role of improving the lives of poor Muslims.

"ICMI has become too big and there are too many groups who want to further their interests," says one Indonesian political scientist. Pointing to those who have aligned themselves with the controversial minister, he asks: "Is Habibie using them or are they using Habibie to get the president's ear and to raise themselves in stature?"

The presidential succession and the future of its role in political life remain the underlying causes of the military's unease. But there are other uncertainties as well.

While many Asian nations rearm and modernise with everything from deep-penetration attack aircraft and long-range missiles to submarines, Indonesia's military brass have to contend with a declining ability to project force and a stagnating budget.

In a situation where national development is the priority, and where Habibie has the authority to ensure that the nature of military purchases fits in with his own hitech plans, Suharto provides scant comfort. During a recent address to 170 top commanders, he stressed that funding for the services would continue to be scarce and that it would only be provided to maintain "the minimum necessary strength to defend national sovereignty."

That is already bare bones. At a combined total of 282,000 army, navy and air force personnel, the Indonesian military is the smallest per head of population of all the Asean states. And the defence budget, which has barely budged in the past three years, is by far the lowest as a percentage of overall public expenditure—only 8.2%, compared with 10.9% in the Philippines and 24% in Singapore.

A recent confidential report prepared for the Australian Government by its Jakarta embassy warned that Indonesia may be unable to contribute to regional stability because of the increasing obsolescence of its equipment. In perhaps its most startling observation, the leaked report noted "Abri's capacity to maintain internal security by use of its territorial apparatus remains strong, but its capacity for control ling a generalised crisis which might arise over presidential succession has not im proved and cannot be assured."

Unwilling to challenge Suharto's seemingly open-ended tenure, the military now tries to ensure that it can influence the choice of a vice-president—and therefore his successor under the current transitionary mechanism that would click into gear in the event of the president's death. This became only too obvious in 1993, when Abri seemingly jumped the gun in endorsing former armed forces chief Try Sutrisno before it was clear he was also the president's choice for the post.

Despite all of the nervousness, Sembiring is still convinced that if Suharto does retire in 1998, he will choose a military man to replace him. "I think that's a political fact," he says. "It is not as if we are only talking about the presidential position itself, we are also talking about other positions. In these times of uncertainty, the choice would be from the military because it retains the confidence of the people."

Sembiring is also convinced a civilian cannot provide the same guarantee of security as someone with a military background in Indonesia, where even long-retired generals are still considered part of the family and have a persuasive influence on active-service thinking. "Suharto's main concern at the moment is to choose a successor who can protect his family when he steps down,' he says.

What that does not preclude is a so-called Lee Kuan Yew scenario, under which Suharto declines to serve a seventh term but hand-picks a successor—perhaps even a civilian—and remains a powerful influence behind the scenes. Sembiring agrees that such a prospect cannot be ruled out, but in a Javanese historical context he clearly does not think that will happen.

Although the military may often speak in different and at times contrary voices, there is little evidence to suggest it is seriously divided in the manner that has led to upheavals in the Thai or Philippine armies. On fundamental issues such as dwifungsi, the uniquely institutionalised concept that allows the military a say in political affairs, the generals quickly close ranks if they feel their interests are threatened.

This also applies to the younger officers, whose interest in greater professionalism and a more open society is often erroneously seen as a desire for the military to abandon its political role. In fact, they share much of the disquiet felt by their superiors at the way Suharto has sought to dilute Abri's power. "The lieutenant-colonels and colonels don't want to grow up in armed forces whose influence is declining," notes a Western analyst. "I think there is a certain resentment that Feisal has not taken their concerns up to the president."

Defence Minister Edi Sudradjat, respected by his military and cabinet colleagues alike, gets much of the credit for keeping things in line. "Edi doesn't fall into the trap of knee-jerking whenever anything happens," says the analyst. "It's one reason why Abri's fears have been contained. He can handle himself in cabinet and he handles the Feisal question without any difficulty at all."

While the dwifungsi principle has come under increasing domestic scrutiny, Sembiring casts it as an issue only foreigners can't understand. "Our concept is based on the principle of family . . . and it's difficult for foreigners to understand this," he says. "From our point of view there is no problem between civilians and the military. It's total football. Anyone can take part and anyone can fill any position. The only problem is, there is no fixed job description."

Sembiring, for one, looks forward to the time when the military does not have to support Golkar. "We all hope that the quality of the elections will improve so Abri can take a position that is equal to that of ordinary citizens," he says. "But if we are ordered to, what can we do? The order doesn't come from the chief of staff, but from the president, who is convinced Golkar will always be the majority party."

Despite talk of nationalist and Muslim camps, it is generally agreed that unity comes before anything else in a military nurtured on a bloody independence struggle and far-flung rebellions. It is also clear that the Pancasila ideology was formulated as a doctrinal bulwark against such divisiveness and, more particularly, to prevent Indonesia from being transformed into an Islamic state.

In its early years after independence there was friction between the 20-30 graduates of the Dutch military academy, who took over senior staff positions, and the commanders of regional units who had been trained by the Japanese. However, the declaration of martial law in 1957 and the growing strength of the Indonesian Communist Party provided a focal point around which the military developed into a significantly more cohesive force.

When the so-called members of the 1949 generation began retiring in the late 1970s and early 1980s, that trend continued. While the old generation had been very individualistic, as befitted their differing backgrounds, the new academy-trained officers from the 1960s were imbued with a much greater sense of belonging than their predecessors.

Harold Crouch, an Australian specialist on Indonesian affairs, says if factionalism is no stranger to Abri, the trials it endured between 1945 and 1965 have given it resilience. "They've experienced everything, so they have a good reason to hold together," Crouch asserts. "There is also a genuine fear that Indonesia could break up, like the Soviet Union and East Europe—and that's the last thing they want."

Another important consideration is the patronage network most senior officers slot into on their retirement, and the financial and other benefits that accrue from the military's widespread commercial interests, mostly in logging and property. These are estimated to amount to about half of the official budget appropriation, which is used predominantly to meet the payroll. Although as many as two thirds of the senior officer corps is Javanese, there is little evidence of ethnic jealousies. Similarly, personal ambition doesn't seem to have been a major factor either.

"Abri tradition is different from, say, the Thai military," Sembiring says. "Although we play politics, we are much more solid. Individual political roles are not so obvious because we have adapted to the military doctrines of sapta marga (seven commandments) and sumpah prajurit (oath of allegiance), which are our code of ethics. If I were ambitious, I would always have to think over whether or not I had deviated or stepped too far," he says. "There is no deviation in Abri, especially for those still in active military service. Our tradition is to put unity first and not to walk alone." Sembiring says the Indonesians have learned from neighbouring countries that one coup often leads to other coups. "We realise it could have happened to us."

Not everyone is quite so confident that personal ambition will always be contained. "It's a question of balancing the military, and Suharto has always been there to ensure that balance is maintained," notes one Western military observer. "But to what extent that balance is self-sustaining, I don't know. That's why I think Indonesia's ability to manage a successful transition is limited, and depends on Suharto passing on his mantle of authority."

* Indonesian Workers' Wages Lowest in ASEAN

[Editorial Report] The 12 July SUARA KARYA in Indonesian on page 4 quoted the executive chairman of the All-Indonesia Workers Union (SPSI) as saying that Indonesian workers receive the lowest wages in ASEAN, even though a World Bank report cites Indonesian workers' productivity as the highest in the region. SPSI Executive Chairman Bomer Pasaribu also said that there is a "big gap" between workers' wages and company executives' salary levels. Pasaribu noted that the government, through its manpower ministry, has sponsored discussions and seminars in an effort to improve the welfare of Indonesian workers, however, very little action has been taken thus far from the recommendations and conclusions of those discussions and seminars.

* New Deregulation Affecting Import Duties

94SE0179A Jakarta BISNIS INDONESIA in Indonesian 28 Jun 94 p 1

[Text] Jakarta (BISNIS)—The government yesterday rolled out real sector deregulation (Package of 24 June 1994) encompassing import duty reductions, marketing of imports, special customs areas and entrepots, input tax credits, and facilities for expanding capital investment.

"This deregulation is aimed at anticipating the expansion of world trade following the GATT-Uruguay Round and as an effort to increase the competitiveness of domestic products for the sake of spurring non-oil-and-gas exports," said Saleh Afiff, coordinating minister for economics, finance, and development supervision, who was accompanied at the Bina Graha [president's executive office] in Jakarta by Coordinating Minister for Industry and Trade Hartarto and seven other ministers.

The policy includes:

Industrial Sector

The reduction of import duties on 739 tariff line items in the industrial, agricultural (including BULOG [Logistics Board] commodities), and health sectors.

Import duties in the industrial sector are reduced by 5-30 percent. Textile machinery, some components, and dyes, for example, are reduced to 10-25 percent. Duties on machinery for agricultural operations are reduced by 5-20 percent. Furthermore, duties on machinery for small industry, such as sewing machines, lathes, drills, planes, presses, and machine tools, are set at 5 percent, and some are eliminated (0 percent).

Import duties on CBU [completely built up] sedans and station wagons are reduced by 25 percent. Duties on parts for semitrailers are reduced to 10 percent, and those for work trucks are set at 0 percent. Components and subcomponents for the assembly and manufacture of heavy equipment will be exempt from import duties effective 1 January 1995.

Agriculture Sector

Import duties on agricultural product imports are reduced 5 percent, as for example:

- Import duties are reduced to 0 percent for 18 tariff line items of agricultural commodities marketed through BULOG, such as wheat and rice flour, yellow soybeans, soy flour, beet and cane sugar, glutinous rice, and gunnysacks.
- Import duties are reduced by 5 percent on corn, soybean meal, peanut residue, potatoes, coffee, tea, jelly, sorghum, sunflower seed, margarine, fish meal, shrimp meal, processed fish, processed foods, and animal feed.
- The import duty on cooking oil was reduced to 0 percent.

Health Sector

Import duties are reduced from 5 percent and are set at 0 percent on pharmaceutical raw materials such as 6-amino penicillanic acid (6-APA). Import duties are raised on 38 tariff line items of certain products containing alcohol. Of those, 33 tariff line items are set at 170 percent; four are set at 80 percent, and one at 70 percent.

Supplementary import duties: Of the 220 tariff line items on which supplementary import duties had been imposed, 103 have been eliminated, 13 have been reduced, and 99 remain unchanged.

Commodities on which supplementary import duties have been eliminated include PVC [polyvinyl chloride] and its copolymers, nail wire, wire for bicycle spokes, shrimp food, pesticides, fiberglass, and white carbon.

Commodities on which supplementary import duties have been reduced include newsprint, rubber cord, steel products, and wire rope.

Normal prices are eliminated on imports of four industrial products: polypropylene, kraft paper for cement bags, formic acid, and caustic soda.

Marketing of Imports

Noting the GATT agreement and seeking to improve efficiency, domestic industry protection that was accomplished through marketing regulation will now gradually be replaced by tariff protection.

Until now, marketing has been regulated on 292 tariff line items. Now, 27 tariff line items are released to the general importer (IU) category. Five tariff line items on alcohol products are brought under marketing control because of their negative social impact on the younger generation. Thus, there are 270 tariff line items for which marketing is still regulated but which will be gradually reviewed in the future.

Changes in the marketing of imports include:

- From the producing importer (IP) category to the IU category, eight tariff line items for sheet aluminum products.
- From the sole agent/general importer category to the IU category, 17 tariff line items for internal combustion piston engine products.
- From the BULOG category to the IU category, two tariff line items for lactose.
- From the registered importer (IT) category to the BULOG category, two tariff line items on garlic.
- From the IU to the IT category, five tariff line items on alcoholic products.

In connection with marketing, the government has changed the ratio for use of soybean meal. In the past, the ratio for use of domestic and imported soybean meal was 4:6, but it has now been changed to 3:7.

Special Customs Areas and EPTE's

There are two enhancements related to special customs areas [KB's] and entrepots for export products (EPTE's). These cover the assembly and lending of machinery and/or factory equipment.

Originally, the assembly and lending of production machinery by factories to industrial companies outside those areas were not permitted. Now, the lending of machinery and/or factory equipment is permitted for periods no longer than two years. The release and reentry from and to KB's/EPTE's for repair purposes must follow procedures and regulations.

Facilities for Expanding Capital Investment

In the past, import facilities were not provided for expansion of capital investment enterprises if they manufactured products that were the same as raw/support materials. As an impact of that policy, many businessmen set up new companies just to obtain import facilities for two years.

Under the present deregulation, businessmen who expand their enterprises to produce the same products with a production capacity of at least 30 percent of installed capacity can be given raw/support material import facilities for two years without any limitation on the time in which imports are made.

Input Tax Credit

Under regulations in effect in the past, PPN [value-added tax] was not collected on the delivery of taxable goods (BKP) from industrial companies outside KB's/EPTE's to companies within those areas for further processing. The result was that companies outside KB's/EPTE's that sold goods to companies within those areas could not collect output taxes as compensation for input taxes that were paid on the acquisition of raw/support materials used to manufacture the components.

To give broad opportunities to industrial companies outside KB's/EPTE's to work with companies in those areas, input tax credit is provided under the present enhancement.

The purpose of enhancements to policies in the economic, financial, industrial, and trade sectors is to improve economic efficiency and the competitiveness of products on both domestic and international markets.

Under the Sixth Development Cabinet, he said, a number of policies, normally called deregulation, have been launched in these areas.

Philippines

Reportage on UN ICPD in Cairo

Clinton Accused

BK1208075194 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 12 Aug 94

[Text] Manila Archbishop Jaime Cardinal Sin has accused U.S. President Bill Clinton of using the UN International Conference on Population and Development [ICPD] in Cairo to promote abortion. Sin reiterated that the country will be agreeing to evil things if it approves the promotion of abortion as a method of family planning. He added that the proposals that would be agreed on in Cairo will encourage promiscuity, recognition of women's right to abortion, and homosexual marriages.

Opposition Reiterated

BK1108120794 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 11 Aug 94

[Text] Jaime Cardinal Sin today reiterated his opposition to Manila's participation in the international population convention that will be held in Cairo in September. Sin clarified that the program of action that will be signed at the convention threatens the destruction of families and promotes liberal sexual relationships worldwide.

According to Sin, he will only agree to the Ramos Administration sending a delegation if the delegates are replaced:

[Begin Sin recording in English, in progress] ...to allow people who are safe and not crazy to represent the opinions and maybe the suggestions of our people, because I told the president we should put up more psychopathic hospitals, because their only aim is to get money. [end recording]

Meanwhile, Sonny de los Reyes of the Council of Laity said the Philippines is not as overpopulated as the government has emphasized:

[Begin de los Reyes recording in English] This program is actually a program of Western imperialism. They want us to adopt this program because they themselves are doing it. [end recording]

Secretary Vows to Reject Accord

BK1108085594 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 11 Aug 94

[Text] Health Secretary Juan Flavier today revealed that the country will not support any agreement on abortion that will be reached at the UN International Conference on Population and Development in Cairo. In his testimony at the House Committee on Health, Flavier reiterated the government's adherence to the Constitution.

In this regard, he denied a report alleging that the government is promoting sex. Flavier explained that the government's policy is to identify all systems of family planning and the couple's right to choose the method they want to use.

[Begin Flavier recording, in English] ... but even if the whole conference composed of 184 member states vote in favor of abortion, I will stand up and say the Philippines is against abortion and will not go along with the 184 member states because we have our own Constitution, we have our own laws that we must respect, and therefore that is it.

By the way, any agreements there are not binding to the Philippines because our Constitution and our laws are dominant in terms of the ... because it's not a treaty. To me, it's just a ... it's a ... the name of the game really is to focus attention to the problem, mobilize resources. [end recording]

RAM To Support Government Programs

BK1208105494 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 12 Aug 94

[Text] The Rebolusyonaryong Alyansang Makabayan [Revolutionary Nationalist Alliance, RAM] will support government programs that benefit the citizenry. Army Captain Danilo Lim, spokesman of the Revolutionary Nationalist Alliance-Soldiers of the Filipino People-Young Officers Union, said in a statement that they will fight any group that attempts to destroy the country.

The RAM signed an agreement with the government peace panel for the release of four rebel soldiers: Orlando Ayeras, Antonio Soriano, Bernardo Casanova, and Wilfredo Maraya. They will be released next week.

The agreement was signed by Ambassador Fortunato Abat and retired Brigadier General Edgardo Abenina.

NDF Declares Success in Consolidating Forces

BK1208021794 Quezon City MALAYA in English 10 Aug 94 p 2

[By Ellen Tordesillas]

[Text] The National Democratic Front [NDF] yesterday declared success in consolidating its forces in spite the challenge hurled by so-called rejectionists.

In a statement, the NDF said it held its first national conference in a guerrilla front somewhere in Luzon last month. The conference, it said, underscores the "complete defeat of the incorrect line and remaining influence of the factionalist contras in the NDF."

All allied organizations have affirmed their unity with the NDF on all major questions facing the armed revolution, the NDF said.

At the same time, however, the conference reiterated its respect for the "independence and initiative of each allied organization."

It said it also respects the building of unity through "a consensual, consultative, and conferential manner."

The underground organization also resolved to mobilize the people against the "U.S. puppet Ramos regime and its antinational, antidemocratic and anti-people Philippines 2000 program."

Military Claims of Victory Denied

BK1208025194 Manila BUSINESS WORLD in English 10 Aug 94 p 8

[Text] The Communist Party of the Philippines (CPP) yesterday belied claims by the police and the military that government has achieved strategic victory over communists in the country.

The National Democratic Front's (NDF) national executive committee said communist rebels in the Philippines held a conference in Luzon last 7 July "right under the nose of the military and within the noose of military operations."

The communist rebels also vowed to continue the consolidation effort of the movement adversely affected by fighting among its leaders.

This confirms reports from the countryside that there are consolidation efforts going on in the communist movement in an attempt to revive its revolutionary struggle and to convince more people to join the organization.

The call for consolidation from the communist hierarchy came in the wake of reports that the recent amnesty proclamation of President Ramos gave hundreds of communist guerrillas reason to abandon their fight and start life "above ground" with a clean slate.

Recently, the government panel tasked to negotiate with the communists was said to have gained bargaining power against the Europe-based leadership which is slowly losing its grip on communist forces here, particularly with the presence of other factions calling on regular members to defect from the Netherlands-based group led by Jose Maria Sison.

The recent arrests of top communist leaders was also cited as major setbacks to the party.

The conference also criticized other leaders who oppose the present leadership, particularly Ricardo Reyes and Francisco Gonzales, for convening a "bogus" communist national congress in 1990. "The success of the conference also underscores the complete defeat of the incorrect line and remaining influence of the factionalist contras in the NDF," the communist executive committee said.

The conference closed with the agreement that all communist units in the country will launch all-out education and consolidation campaign to build up strength in the country again.

As this developed, the Armed Forces of the Philippines yesterday announced the inclusion of 88 more former communist rebels into the Citizens Armed Geographical Units.

The military said the rebels surrendered through negotiation efforts made by the Philippine Army's 30th Infantry Battalion.

Reports said the former rebels used to be part of the Kahugpongan Nagkahiusang Minorya [Organization of United Minority], an isolated armed group fighting for their ancestral lands in Southern Luzon.

Trade Deficit Reaches $4.07 Billion

BK1208032394 Manila PHILIPPINE DAILY INQUIRER in English 10 Aug 94 p 18

[Report by Alice Cabotaje]

[Text] The country's trade deficit for the first six months of 1994 has swelled to $4.07 billion, 41.6 percent more than last year's $2.87 billion, the National Statistics Office [NSO] reported yesterday.

While the country bought a total of $10.14 billion worth of imports, or 25.9 percent higher than last year's level, it sold only $6.07 billion worth of exports.

The NSO, however, noted that the country's export earnings of $6.07 billion for the first six months marked a 17.2 percent increase from the $5.18 billion last year.

Such earnings have not been enough to pay for the transport equipment, electronics and components, mineral fuels, lubricants, industrial machinery and equipment, telecommunications equipment, iron and steel, textile, yarns, fabrics, power generating machinery, and plastics, among others, that it imported during the first six months.

For June alone, imports of transport equipment reached $416.39 million, 447.2 percent more than $76.10 million of the same month last year. The increase was due to the three power barges worth $149.27 million from Singapore and from Japan worth $152.77 million.

Imports of electronics and components amounted to $248.46 million, 69.2 percent more from $146.82 million of June last year.

Thailand

Minister: Cambodia To Free 'Some' Detainees

BK1108141994 Bangkok Radio Thailand Network in Thai 1200 GMT 11 Aug 94

[Text] Reporting on the Foreign Ministry's efforts to win the release of the 14 Thais detained in Cambodia, Foreign Minister Squadron Leader Prasong Sunsiri said that Ministry Permanent Secretary Pracha Khunakasem—who left for Cambodia yesterday to meet with the two Cambodian prime ministers—has reported that the Cambodian Government pledged to free some of the Thais who were not involved in the coup attempt within the next week. The foreign minister said he told Thai Ambassador to Cambodia Sakthip Krairoek to look after any Thais that are released by the Cambodian Government and cooperate with the Foreign Ministry in arranging for their return to Thailand. The foreign minister said the ministry had reported this development to the prime minister because it is an important matter.

The Foreign Ministry has been closely following the case of the 14 Thais arrested in Cambodia. As a result, the two Cambodian prime ministers wrote to the Thai prime minister to inform him about the treatment of the Thais. Cambodia made it known that it is paying great attention to the case. Cambodia also told Thailand that some people in the group had confessed, and that those who are innocent will be freed. Cambodia will send officials to Thailand to question two or three additional Thai suspects. Thailand has offered Cambodia its full cooperation.

Plan To Buy Australian Weapons Halted

BK1208033294 Bangkok THE NATION in English 12 Aug 94 p A4

[Text] Army chief Gen Wimon Wongwanit yesterday countermanded the Army's plan to buy military equipment from Australia in protest against claims by Australian human rights groups that the weapons could end up with the Khmer Rouge.

The order came after Wimon called a meeting of the Army's arms procurement committee yesterday to reconsider the plan to purchase Australian-made Steyr rifles.

Gen Wimon said the Army could find other sources, especially England which could offer guns of comparative price and quality.

Gen Wimon said the ban includes future purchase of any military equipment from Australia to protest what he called Canberra's conspiracy in allowing the claims to be aired to tarnish the image of Thailand generally and the Army in particular.

"This shows that Canberra cannot control its people from making speeches (against Thailand)," Wimon told reporters.

Human rights groups in Australia have expressed concern about the Australian Defence Industries (ADI) bid to sell weapons to the Thai Army, arguing that corrupt elements could either sell the new rifles or their obsolete rifles to the Khmer Rouge.

However, a spokesman for the Australian Defence Ministry, which approved the licence to the ADI to produce the Australian-designed rifle, said Canberra would support the tender bid.

The Thai Army has smarted under foreign accusations that it supports the Khmer Rouge and is opposed to moves by foreign countries, including Australia, to provide military assistance to the Cambodian government to raise the capability of the Cambodian army to crush the Khmer Rouge.

Editorial Urges Justice for Coup Suspects

BK1208064394 Bangkok BANGKOK POST in English 12 Aug 94 p 4

[Editorial: "Thais Held in Cambodia Must Be Accorded Justice"]

[Text] Despite earlier failed promises, the pledge given by Cambodia's co-prime minister Prince Norodom Ranariddh that some of the 14 Thais held in captivity since July in connection with the failed coup attempt will "soon" be freed represents a welcome move in light of the soured relations between Bangkok and Phnom Penh. Although no specific date was given as to when the Thai suspects would be released, the Prince's positive gesture will certainly bring comfort and relief to their relatives and friends.

Prince Ranariddh's promise was recently given to a Thai delegation headed by Permanent Secretary Pracha Khunakasem, a special envoy from Prime Minister Chuan Likphai, sent at the request of Phnom Penh to settle this thorny issue. As such, there is no reason to doubt his sincerity although promises earlier made by senior Cambodian officials were proven to be merely empty words.

It is, however, a pity for the families of those who are not expected to be freed and have to languish in prison, not knowing when or what they are to be formally charged with, or when and whether they are to be given proper legal counsel and a fair trial as practised in the courts of law of civilised nations. Prolonging their detention and denying them access to legal counsel, defence or consular visits are clearly a violation of Cambodia's Constitution and human rights as well as customary international legal practice.

The Cambodians can claim that their judicial system is not yet properly established to the level of other countries in the region as a result of having gone through years of bloody wars and only comparatively recently acquiring their first democratically-elected government in decades. Yet, the request that the Thai suspects should be aided by Thai lawyers in addition to Cambodian legal counselers should not have posed a serious problem or a threat to the case. On the contrary, this will cast the Cambodian government in a positive light and improve its image.

It should be noted that the failed coup itself is still very much shrouded in deep mystery. Several puzzling questions remain to be answered or may never be answered at all. Among them are: Was there actually a coup? Or was it just a power struggle being waged within the Cambodian administration? What were the roles of the arrested Cambodian officials in the coup attempt? Or why only the 14 Thais were singled out for all the blame thus giving a misleading impression that the incident was virtually a Thai conspiracy while the Cambodian collaborators were mere spectators? The Thais were accused of plotting to sabotage Cambodia's telecommunications network and to assassinate Cambodian leaders—charges which have yet to be substantiated.

Even before the real trial has started, the 14 Thais have seemingly already been convicted of the serious crime of insurrection by Cambodian officials who occasionally have leaked reports to foreign media in Phnom Penh alleging that confessions have been obtained from some of the suspects. Whatever the real motives harboured by these officials, the slanders only serve to worsen the already strained bilateral relations between the two countries.

A lot of sincere effort is needed to remove the mutual distrust and animosity which have characterised the history of relations between Thailand and Cambodia. It takes more than just mere words. Clearing the air will certainly be in the best interest of the two countries. This thorny issue over the 14 Thais held in Cambodia in connection with the failed coup must be resolved quickly in a just and fair manner.

Property Agreement To Be Signed With Laos

BK1208075794 Bangkok Radio Thailand Network in English 0000 GMT 12 Aug 94

[Text] Thailand will sign an agreement on intellectual property cooperation with Laos this Sunday. Representing Thailand in signing the agreement will be Deputy Commerce Minister Churin Laksanawisit. The agreement will protect industrial designs registered in Thailand and Laos. It will benefit Thailand in the long run on issues of trademarks, patterns, and copyrights.

Mr Churin said Thailand last April signed a memorandum of understanding on the issue with Vietnam, the first of its kind between the developing countries in this fast growing region of the world.

The country is likely to sign a similar agreement with Myanmar [Burma] in the future. It also set the target to conclude such an agreement with China and Cambodia. Mr. Churin said the agreement is aimed at making Thailand a center for intellectual property registration in Indochina.

Foreign Boats Charged With Drug Smuggling

BK1208034294 Bangkok THE NATION in English 12 Aug 94 p A8

[Text] Hundreds of pleasure boats that make port calls at the island resort of Phuket each year are suspected of smuggling drugs in and out of Thailand and the law should come down hard on them, a senior Immigration Bureau [IB] official said yesterday.

"Strict measures should be taken against some 300 yachts making port calls each year to Phuket. Of these, about 100 make a permanent anchorage offering diving lessons. Investigations disclose that some of these boats smuggle in drugs, especially cocaine, and export cannabis," said IB commissioner Pol Lt Gen [Police Lieutenant General] Charuk Mekwichai.

It was planned to gather all these boats at Chalom Bay, where the Immigration Police would conduct periodic checks.

The boats were U.S., Australian, British, French, Scandinavian and Latin American registered. Some sail into international waters to pick up narcotics and carry them back to Thailand. On occasion they violate neighbouring territorial waters and pose a real threat to security, he said.

He said the bureau was supposed to oversee the activities of millions of visitors each year and hundreds of thousands of illegal immigrants, but was seriously under staffed.

The bureau had a staff register of 2,520 but in fact had only 1,915 people. Of these, 100 were seconded to other government agencies.

Another problem encountered by the bureau was lack of cooperation from some foreign embassy officials regarding the identities of illegal entrants, he said.

* Supachai Continues Comments on Insurance

* Links Issue to Amity Treaty

94SE0186A Bangkok SIAM RAT in Thai 17 Jun 94 p 8

[Excerpt] Mr. Supachai Phanitphak, a Deputy Prime Minister said after the opening of the first meeting of ASEAN insurance companies in this country that the Casualty Insurance Association and the Life Insurance

Association had to develope plans for opening up the insurance industry in the future which would increase the permits and the proportion of foreign ownership. This would give [foreign] investors the opportunity to engage in this business on a more equal footing with Thai businessmen, which was a condition of the Uraguay round of the GATT talks. These talks stipulated that the member countries had to open their markets. But Thailand asked for an exemption from opening its markets for 10 years. Therefore in the first 5 to 8 years Thailand should prepare itself for foreign competition, and it had to consider changing the Thai-U.S. Amity Treaty because in 5 years the exemption from opening its market would expire. During each 5 year period Thailand would make two requests. Thailand would be put under a great deal of pressure if it gave rights just to the United States.

The Insurance Department of the Commerce Ministry was to supervise this policy and provide direction with regard to capital. The reserves maintained to prevent problems with insurance claims would have to be checked carefully because they were a source of income and problems.

With regard to cooperation in the insurance industry within ASEAN, we would like the ASEAN countries to develope a plan for opening this market which would have minimum effect on Thai insurance companies and provide the maximum benefit for the insured.

Mr Suphachai also said that in the future there might be a pooling of data and funding within ASEAN so that data could be exchanged and the insurance business expanded within ASEAN. This would help prepare for foreign competition. A training institute would be set up to improve managerial quality and speed the creation of sufficient managers for an expanded insurance industry. At present insurance companies were fighting over capable personnel. This could easily hurt them.

There were great differences in the insurance industry within ASEAN. Thailand was in good shape, but it could not compare with Singapore or Malaysia. Thailand was not up to the level of these two countries. At the meeting of the ASEAN Economic Ministers, AEM, there was an agreement to put off the question of the service sector. At the meeting Singapore was assigned to study the important question of shortening the time period for reducing the tariff on goods within AFTA. The AEM were to propose this to the leaders of each country. At the beginning of 1995 it was to be announced how the tariffs would be reduced.

With regard to goverment policies allowing businessmen in casualty insurance greater opportunities to enter other businesses, it was not thought that the government would object. It would depend on the supervisory structure of the insurance industry itself and whether it could provide supervision for reserves or capital. If it could handle this, then the industry would be allowed to enter other businesses just as the government allowed the commercial banks to expand their business. There was enough capital and there were controls on reserves if losses occurred. [passage omitted]

* Seeks ASEAN Involvement

94SE0186B Bangkok NAEO NA in Thai 16 Jun 94 pp 5,8

[Text] Mr. Suphachai Phanitphak, a Deputy Prime Minister, said after taking part in the first seminar on "Life Insurance and Casualty Insurance in ASEAN" held by the Thai Life Insurance Association and the Thai Casualty Insurance Association on 15 June at the Shangri La Hotel that under the obligations of the GATT agreement to open up insurance in the future, the two associations would have to develope a common plan to expand this market which would increase the permits and increase foreign stock holdings. These were limited to 25 percent and might have to be raised to 49 percent.

He said that a good plan for the opening up of casualty and life insurance would have to provide companies ample time to prepare. In addition it would provide those who controlled and supervised policy in the Insurance Office of the Commerce Ministry the opportunity to deal with capital requirements and the problem of reserves to prevent risks when large claims were paid. These reserves had to be checked in order to expand the capability to pay claims. This was true for all motor vehicle insurance which was a major source of income but was also a major area for claims.

With regard to the insurance industry in ASEAN there should be a common data pool and an exchange of data both for casualty insurance and life insurance so that small companies would be better able to compete. He felt that the Thai service sector was in good shape but still inferior to that of Malaysia and Singapore. Thailand needed to put more emphasis on increasing investment to raise the quality of its managers and most important it needed to set up an insurance institute to quickly create managers. This was a great weakness. All this would be considered at the meeting of the ASEAN Economic Ministers (AEM) which would be held in September in Singapore, which was dealing with the details of the service sector.

Mr. Suphachai also said that they should allow small insurance companies to merge so that they could increase their capabilities because it was in our interest. The Commerce Ministry was in the process of upgrading the requirements. For example they were going to make sure that there was more capital and that good co-investors were found. In the future the capital requirement would be important because there would be more risk. For example trade with Latin America and Eastern Europe would involve great danger with regard to transportation and politics.

Vietnam

Commentary Hails Senate Vote on Aid

BK1208110094 Hanoi Voice of Vietnam in English 1000 GMT 12 Aug 94

[Station commentary]

[Text] As reported earlier in the news, the United States Senate has lifted the ban on aid for Vietnam. Let us have a look on how this decision influences relations between Vietnam and the United States.

With the approval of the bill on foreign aid including the lifting of the ban on aid to Vietnam, the United State Senate has annulled a two-decade-old anti-Vietnam policy. It is an act in conformity with the aspirations of peoples of both countries. That is the reason why the bill was passed with a majority of votes. The bill enables the U.s. government to grant package aid to Vietnam, and creates opportunity for American businessmen to borrow loans from the U.S. Export-Import Bank to invest in Vietnam. It also facilitates the development of trade ties between the two countries.

Looking back over the whole process of normalization of Vietnamese-U.S. relations since early this year, the bill is another positive evolutionary step. It is the continuation of the preparations by both sides for the establishment of representative offices in the respective capitals. Talks in Washington in recent months between representatives of the Vietnamese Government and the U.S. State Secretary Warren Christopher, and three Vietnam-U.S.A. economic seminars in the United States, have also helped in lifting of the aid ban.

The development proves that relations between Vietnam and the U.S. are developing well. In the first six months of 1994, over 100 American companies, many of them large enterprises, have come to Vietnam to explore business opportunity. Observers predict that the figure will be increasing and in the coming five years trade turnover between Vietnam and the U.S. may reach $8 billion. The current development sees the figure feasible.

* PRC Fishing Boats Reportedly Seized

94P30087 Hanoi NHAN DAN in Vietnamese 6 Jul 94 p 4

[Text] A foreign ministry spokesperson told foreign correspondents on 5 July that three Chinese boats illegally fishing in Vietnamese waters south of Bach Long Vi [White Dragon Tail] island had been seized by Vietnamese coastal patrol forces on 2 July. The three boats involved in the incident, at 20 degree 02 northern latitude and 107 degree 42 eastern longitude, were the Kham Chau 1451, Kham Chau 1452, and the Bac Hai 3301. On 3 July, two other Chinese boats fished illegally five km southeast of Ma Chau island off the Quang Ninh Province coast. When accosted by Vietnamese patrol craft, the Chinese boats opened fire, wounding two Vietnamese sailors. One of the Chinese boats was seized, while the other escaped.

The spokeperson called on China to immediately cease illegal fishing in Vietnamese waters and using armed force against Vietnamese patrol craft which, the spokeperson insisted, operated in complete conformity with Vietnamese and international laws in seizing the violators. He said that Vietnam is investigating the above cases of violation and will resolve them quickly on the basis of Vietnamese and international laws and in accordance with Chinese-Vietnamese relations.

Denmark Decides To Grant $100 Million in Aid

BK1108151794 Hanoi VNA in English 1414 GMT 11 Aug 94

[Text] Hanoi VNA August 11—The Danish Government has decided to grant USD 100 million as development aid to Vietnam for the 1994-97 period, said new Danish Ambassador Niels Julius Lassen.

In a courtesy visit this afternoon to Prime Minister Vo Van Kiet Ambassador Lassen expressed his hope that he would accomplish development aid programmes in the interest of the two countries.

Speaking to his guest, Prime Minister Vo Van Kiet highly appreciated the Danish Government and people for their effective assistance over the past years, including the Hoang Thach cement plant, the La Nga sugar mill, the Dalat water plant and the recent decision to provide development aid in four successive years. He affirmed that the Vietnamese Government always attaches importance to the development of the friendly and cooperative relation with Denmark, and wishes for further development of the relationship in many fields in conformity with the interest of the people in each country, and of peace, cooperation and development in the world.

Foreign Firms Barred From Signing Contracts

BK1108131094 Hanoi Voice of Vietnam in English 1000 GMT 11 Aug 94

[Text] Foreign representative offices may be subjected to fine of up to $50,000 and surprise inspection by the Ministry of Trade under a new statute released by the Government Office last Tuesday [9 August]. The new statute states that representative offices are not allowed to sign business or trade contracts with local companies unless they have proper authorization. Applications mentioning the main purpose and scale of activities of representative offices must be submitted to the Ministry of Trade.

Dao Dinh Luyen Views Changes in Military Law

BK1208092694 Hanoi QUAN DOI NHAN DAN in Vietnamese 22 Jul 94 pp 1, 4

[Article by Senior Lieutenant General Dao Dinh Luyen, member of the Central Committee, deputy defense minister, and chief of the Vietnam People's Army General

Staff: "Implementing the Law Amending and Supplementing Some Articles of the Military Service Law"]

[Text] The law to amend and supplement some articles of the Military Service Law was passed by 100 percent of the deputies during the Ninth National Assembly's Fifth Session. This important law was promulgated by State President Le Duc Anh and the full text was carried in the daily newspapers. This is a manifestation of the concern felt by the party, state, National Assembly, and public about the undertaking to strengthen the Army and consolidate our national defense.

The international and regional situations remain complicated. The hostile forces continue to pursue their crafty designs and activities against our country. This requires the entire party, people, and Army to strengthen national defense and security to protect our socialist fatherland adequately. The midterm party conference (of the seventh party Central Committee) clearly pointed out: "While concentrating on our efforts to build the nation, we must attach importance to strengthening national defense and security; satisfactorily performing the duty of national protection; protecting our national independence, sovereignty, integrity, and security; and firmly maintaining social and political stability and the socialist orientation." The performance of this duty requires deliberation to build a national defense law that includes the fundamental issues—the construction of a universal national defense system, the construction of the people's armed forces...

In order to ensure the practicality of that law, however, we need more time to prepare. The law must closely correlate with related laws that have been promulgated or have been prepared for promulgation. Moreover, social realities are always shifting and changing. Therefore, we need to follow them continuously in order to create the correct foundation for the construction of a basic and complete law.

Consequently, the law to amend and supplement some articles of the Military Service Law advances the institutionalization of the seventh party congress and the midterm party national conference resolutions and conforms with the 1992 Constitution by helping to improve the quality of the Army, meet military requirements in the new situation, and comply with the current situation regarding socioeconomic renovation. It amends and supplements 19 articles (out of 71 in the current Military Service Law), concentrating on the following urgent issues:

—It regulates the responsibilities of collective and individual economic organizations in ensuring that all citizens working in the organizations fulfill their military obligations (the current Military Service Law only regulates the responsibilities of state organs, social organizations, and state economic enterprises).

—It further clarifies the responsibilities of people's authorities and military service committees at all levels in preparing citizens to join the Army, building reserve armed forces, and implementing regulations and policies regarding soldiers' families.

—It expands the list of those who are exempted from or allowed to postpone military service in peacetime in order to motivate in a practical way families who have rendered great service to society; encourage citizens to build the economy actively; and set up movements in difficult highlands, isolated areas, border areas, and isolated islands. It ensures every citizen's right to study and harmoniously combines the two strategic duties of building and protecting the nation in the current situation.

—It supplements some regulations and policies regarding professional soldiers, noncommissioned officers, and reservists. Specifically, it increases monthly allowances beginning with the 25th month; provides benefits to the families of professional soldiers, noncommissioned officers, and first class reservists during training; and exempts discharged soldiers from community work.

Our current task is to implement rapidly the amendments and supplements to the Military Service Law.

The law has been promulgated and the mass media have disseminated the contents of the amendments and supplements to the entire people and Army. It is therefore the responsibility of all sectors, echelons, and localities to understand this law thoroughly and organize its serious implementation. If the people, youth, reservists, cadres, and soldiers understand and voluntarily comply with the law, it will create very favorable conditions for building the Army and consolidating national defense capabilities and constitute a decisive factor in applying this law to life. It is necessary to make arrangements for cadres and soldiers to study and grasp this law firmly so they can propagate the main contents to the people in their bivouac areas. It is also important that they implement this law on a voluntary basis and motivate everyone to implement its provisions seriously.

While working on the draft law, the compiling committee solicited the views of all sectors, localities, people, and members of the armed forces as well as the opinions of National Assembly deputies. Many of these views and opinions were taken into consideration and incorporated into the law. Other suggestions need further consideration before they can be included in sublaws or related policies and regulations. The issue relating to social justice in enforcing military service is very complicated and cannot be comprehensively and thoroughly resolved overnight. Furthermore, this issue touches on many aspects of social life. The Military Service Law alone cannot address all problems concerning social justice. The provisions of the Military Service Law only define systems and policies regarding the welfare of active service military personnel, discharged soldiers, and reservists. These provisions only contribute to guaranteeing social justice for people who join the Army.

Nonetheless, the amendments and supplements to a number of the law's provisions have to a certain degree overcome the backwardness of some systems and policies regarding the welfare of noncommissioned officers and soldiers based on actual changes in society. There has always been a large number of youths of age for the draft, but the annual troop recruitment figure is small and military induction still faces many difficulties due to the unattractiveness of existing policies. People who join the Army fulfill heavy duties and suffer may losses. Many families find it difficult to make ends meet after the breadwinner joins the Army. With the amendments and supplements to this law, we have created more favorable conditions for enforcing military service.

The Military Service Law provides general provisions while the amendments and supplements cover a lot of different issues. Therefore, efforts must be made to study and enact sublaws at an early date. This is a very important factor in organizing the implementation of this law. Following the conclusion of the Ninth National Assembly's Fifth Session, the subcommittee for drafting the law amending and supplementing some articles of the Military Service Law has convened two sessions to draft sublaws. We are striving to formulate the most urgent documents to submit to the government so that it can reach a decision at its earliest convenience. These documents cover policies toward active service military personnel and reservists based on the contents of amendments and supplements already made. It is our hope that once the new policies are promulgated, all echelons and sectors will implement them in a serious and timely manner. This endeavor testifies not only our efforts to implement the law, but also our practical way of commemorating the People's Army's 50th anniversary and the Universal National Defense Festival. It also reflects our contribution to ensuring the success of the cause of national defense and construction and the tasks of making the people rich and the nation powerful and of bringing about justice and civilization in society.

* Organizing Self-Defense Forces Viewed

942E0063A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Apr 94 pp 62-64

[Article by Sr.Lt. Colonel Pham Ngoc Chau and Major Nguyen Manh Hung: "Organizing Self-Defense Forces in State Enterprises That Are Joint Enterprises or Partnerships With Foreign Countries"]

[Text] The market economy, with many economic components and varied forms of commercial organizations that may freely engage in business and are backed up by law, has strongly and directly affected the development of the militia and self-defense forces. In the past, in the period before we changed the economic structure, we only concentrated on building self-defense forces in the state and collective sectors, but now it is essential that we study the organization and building of self-defense forces in the new sectors, the joint-venture and partnership sectors (both Vietnamese and with foreign countries). Within the scope of this article we will only deal with organizing self-defense forces in state enterprises that are joint ventures or partnerships with foreign countries, which is one of the most vexing problems in the task of building self-defense forces at present.

We all know that in our country the joint ventures and partnerships with foreign countries appeared and developed after the state adopted an "open door" policy. According to preliminary statistics, nationwide there are 7,050 state enterprises, about 250 of which are joint ventures or partnerships with foreign countries on different scales and in many different spheres. They are now in the process of developing and certainly will not stand still, but will continue to increase in number in future years. That situation poses a question: Should self-defense forces be organized in that sphere? When the issue first began to be studied and explored in general, everyone, especially the functional organs and the relevant organs, were unanimous in believing that they must be organized, but that a considerable number of difficulties and complications would be encountered in the implementation process. Such forces are necessary for the following reasons. First, national construction must be accompanied by defending the fatherland and maintaining national security. Economic-social development must create conditions for strengthening the national defense and security potential of the nation. The 1992 SRV Constitution confirmed that "Defending the socialist Vietnamese fatherland and maintaining national defense is an undertaking of the entire population." Article 1 of the Law on Foreign Investment in Vietnam states that "The SRV state welcomes and encourages private foreign organizations to invest capital and technology in Vietnam on the basis of respecting the independence and sovereignty of Vietnam and observing the laws of Vietnam." Therefore, contributing to building and defending the SRV cannot exclude the joint ventures and partnerships with foreign countries. Second, our national defense line is national defense by the entire population. The entire population fulfills the national defense mission under the leadership of the party. The militia and self-defense forces are mass armed forces of the party. That force-building formula of our party is universal and firm; wherever there are people there are militia and self- defense forces, and we are determined not to have "empty areas," i.e., places without militia and self-defense forces. The joint enterprises and partnerships with foreign countries, with increasingly greater scale and potential, as mentioned above, must build self-defense forces, which is in accord with our party's line of national defense by all the people and people's war. Third, because the mission of the self-defense forces were defined in the party Statutes as "Participating in maintaining political security and social order and safety at the basic level," building self-defense forces in joint ventures and partnerships with foreign countries has the direct effect of protecting property, machinery, and matriel, especially those of the enterprise itself, and participating in maintaining social security and order in the area in which the joint venture or partnership is located.

The biggest obstacle to building self-defense forces in joint ventures and partnerships is that the enterprise "owners" (most of whom are foreigners) do not agree, but claim that it would be difficult for any organization to organize self-defense forces in addition to organizing production. They think that they will have to "support" such forces, which would be expensive, and that it is not to mention the other "inconveniences." Therefore, at present most of those enterprises are still confused about organizing self-defense forces, or else the self-defense forces that were organized in the past continue to operate but are practically inactive. However, some enterprises have self-defense forces and develop them because the "owners" realized that they were necessary after the enterprise experienced such things as burglaries, fires, etc., and the self-defense forces (which had been organized in the past) effectively cooperated with the protection forces.

Because of the facts mentioned above, the basic problem is that the Vietnamese citizens who are members of management councils (general directors or deputy general directors, according to the Foreign Investment Law) must correctly understand the nation's two strategic missions and the viewpoint of national defense by all the people in the new phase, and not be concerned only with purely economic benefits. Therefore, they are responsible for the development and operation of self-defense forces, and by means of the effective operations of the self-defense forces, winning over the management councils, so that they can realize the role, effect, and necessity of those forces. Furthermore, the state must also undertake studies to determine what documents more specific than Article 1 of the Investment law are needed by the joint ventures and partnerships so that they can have a legal basis for organizing self-defense forces in joint-venture enterprises. Of course, legal documents are compulsory in nature, but if that is all there are, that will be very difficult and insufficient. The documents must also be persuasive. Through such documents they will see what advantages exist, especially economic advantages, or at least they will see that they are not completely disadvantages. If those two things are done well, then the building of self-defense forces in joint-venture enterprises and partnerships with foreign countries would not be unfeasible.

A matter of principle is that the organization of self-defense forces must be tied in with the political organizations and production organizations. In other words, the building of self-defense forces must be based on the political and production organization. The organization of self-defense forces depends on how production is organized. In general, the joint ventures and partnerships with foreign countries in our country are essentially organized as follows: the organ that directs and manages the enterprise is the management council; under the management council there are usually two blocs that exist side-by-side, one of which consists of joint ventures and partnerships with foreign countries and the other consists of enterprises that are not joint ventures. The bloc of joint ventures and partnerships engages in commerce and production in accordance with the Foreign Investment Law, while the non-joint venture bloc performs services for the enterprises. Although those two blocs exist side-by-side in the enterprises, they are completely independent with regard to cost accounting. Of course, in "doing business" they are inter-related. At present, the joint ventures and partnerships with self-defense units are in the nonjoint venture bloc. In the joint enterprises-partnerships bloc there is practically no one. The direction of effort is to build self-defense forces in both blocs. At present, before it is possible to attain that goal, we must concentrate on strengthening the self-defense forces in the nonjoint enterprise bloc. A survey has shown that the highest level of organization should be the squad, or many independent squads. The command cadres can be full-time or part-time, but they should be part-time and not separated from production. The self-defense organization absolutely must be under the leadership of the party (either the party organization in the joint-venture enterprise or the party organization in the locality in which the enterprise is located). The name and operational mode of the self-defense forces may be flexible and appropriate to the organization, characteristics, and circumstances of the enterprise, but they must fulfill their responsibility and be truly effective. Along those lines, we must study the appropriate organization of self-defense forces in the joint venture partnership bloc. At first, they may be organized in the form of "protection and self-defense" forces that are both responsible for protecting the factory or enterprise and participate in maintaining security and social order in the area in which the enterprise is located.

Funding is always the factor determining the existence of self-defense forces. According to the new economic structure—the market structure—the state does not subsidize the enterprise and does not even provide funds for the self-defense forces. The most fundamental, correct, and fair course is for those enterprises to have to fund their "self-defense and protection" forces. That is also something that is ordinary and fair in a market economy. A simple thing that everyone can see is that every dong an enterprise makes, if subjected to detailed accounting, must include a part for self-defense expenses. The most irrational aspect of those enterprises is that they "forget" that. Article 30 of the Foreign Investment Law stipulates that "After paying income taxes, the joint venture enterprise must set aside five percent of the remaining profits to set up a protection fund." We believe that the above-mentioned source can provide the funding for self-defense forces. In fact, some enterprises have done so. For example, the Viet Xo Lai silk joint venture set aside three of the five percent protection fund for self-defense force operations, and the Viet Ha pencil factory set aside two of the five percent protection fund for the self-defense and protection operations. If the joint venture enterprises and partnerships adopt that practice, the building of self-defense forces will surely not be an impossibility.

The opinions we expressed above were only initial thoughts. The matter of organizing self-defense forces in the joint ventures and partnerships with foreign countries is still a topic that requires additional study.

National Assembly Delegation Visits Thailand

BK1108150794 Hanoi VNA in English 1414 GMT 11 Aug 94

[Text] Hanoi VNA August 11—A delegation of the office of the National Assembly led by Mr. Vu Mao, director of the office has paid an eight-day working visit to the Royal Kingdom of Thailand at the invitation of Prof. P. Phiphatthanakun general secretary of the Thai Lower House Administrative Committee, Mr. Charoen Khanthawong. [sentence as received]

Host and guest exchanged experience in the fields of law making, supervision, the work of the support offices of the legislative bodies as well as the programme for cooperation between the National Assembly offices of the two countries.

The Vietnamese delegation was received by Chairman of the Thai Parliament and Chairman of the Lower House, Mr. Marut Bunnak and chairman of the Senate, Mr. Michai Ruchuphan.

The Vietnamese delegation also visited Chon Buri and Chiang Mai provinces.

Danang To Boost Role in National Development

BK1208071594 Hanoi VNA in English 0644 GMT 12 Aug 94

[Text] Hanoi VNA August 12—The government's office recently announced the prime minister's directives on the role of Quang Nam-Da Nang Province in the development of the national economy.

A master plan for the year 2000 must be completed by the end of this year, ordered the PM, in which the economic structure of the province shall be determined according to regional peculiarities with emphasis on the development of industry and handicraft in urban areas, agriculture and electric profession in rural lowlands, industrial plant growing and cattle raising in the midlands and highlands, and fishery and tourism along the coast.

The province should also concentrate on developing its construction industry together with ship building and repair, and export processing in order to make the city of Danang a driving force in development in other regions as well. It should invest in key projects by providing credit loans and step up the preparation in building the An Don Export Processing Zone.

The PM further said that the province should accelerate the establishment of a management board of the local industrial complex, an advisory group for the restoration of the old city of Hoi An, the drafting of feasibility studies and selection of joint venture partners, all to be submited to the government for approval.

Government Conference To Review Economic Issues

BK1108131294 Hanoi Voice of Vietnam in English 1000 GMT 11 Aug 94

[Text] The Vietnamese Government is holding an internal review of both foreign investment and foreign policy. A conference ordered by Prime Minister Vo Van Kiet for late August will look into foreign development investment and official development aid. The conference will assess progress made since the lifting of U.S. trade embargo and since Vietnam gained observer status of ASEAN. Also high on the agenda will be economic relations with China and the creation of free trade zones in different parts of Vietnam. The conference will be organized by the Council for External Economic Relations, the Government Office, and other state bodies.

* Article Discusses Army Issue

942E0078 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 41-43

[Article by Minh Hien: "Building Regular Army—Ideas and Experience: Regularizing Our Army—Major Problems and Solutions"]

[Text]**1. Regularization of the army, which is not a new issue, remains a topic of the day in regard to the building of our army today.**

The Vietnam People's Army (VPA), the regular army of the SRV, was organized and led by the party and Uncle Ho. In nearly 50 years, our army had grown up and had been ceaselessly developing in terms of organization, make-up, combat capabilities, and level of regularization. It had grown from a 34-man Vietnam liberation-army propaganda unit and has now become an army having many modern arms and services. In combat, it had used from scattered to concentrated action, from guerrilla warfare to combined large-scale fighting with many arms and services involved. In this developing process, mostly after the army had switched to peacetime construction and combat readiness, along with reorganizing and developing its forces and modernizing equipment and machinery, procedures and the necessary regulations were being gradually set up and carried out. That served an important purpose of heightening its organizational capacity, discipline, and concentrated and unified action—the level of being a regular army—

so as to make realistic contributions to brilliantly fulfilling all of the tasks that our party and people had assigned to it.

However, we must still find that "the real state of our army and its level of being a regular army today still show many weaknesses." (Footnote 1) (From Directive 37/CT-DUQSTU of the Standing Committee of the Central Military Party Committee, dated 14 March 1993 and entitled, "About Further Stepping up the Building of the VPA Into A Regular Army.") A number of units had been carrying out their responsibilities without seriousness, implementing various systems at their convenience, and managing their troops and equipment in a loose manner and without following correct procedures. The sense of organization and discipline was poor. The rate of reduction of annual violations of discipline was negligible, with the numbers of cases of serious violations failing to drop completely and the number of deserters remaining large. Weaknesses were still found in the observation of rites, personal conduct, ways to interatctions with each another, and greetings; military uniforms were not the same everywhere; the manners of walking and going here and there, inside barracks and in public places, were far from formal. These shortcomings more or less had been "striking" the eyes of our people and foreigners (after we had opened our doors, foreigners had been coming into our country in ever increasing numbers) and causing adverse effects on the beauty and reputation of "Old Mr. Ho's troops," those who had been winners in the unprecedented victories at Dien Bien Phu and in the Spring of 1975. This did not take into account the fact that this level of being a regular army would limit our fulfilling the military and national defense tasks in the new situation. This was why we must thoroughly understand *the policy on "stepping up the regularization of the army and contributing to raising its fighting power" (See footnote 1) and realize that "regularization is one of the basic things to do in the building of the VPA in the present revolutionary stage."* (See footnote 1)

2. To step up the regularization of our army today must be based on strengthening its revolutionary nature, in addition to raising the level of its training and gradually modernizing it, for the purpose of successfully fulfilling the task of fighting "peaceful evolution," rioting and overthrowing, and other circumstances.

The resolution adopted by the 7th Party Congress clearly indicates that "the VPA must be built up to become a revolutionary, regular, well-trained, and gradually modernized army." In the coming years, this task will be carried out while our country has opportunities to be taken and at the same time challenges to be overcome. Imperialism and the clique of its reactionary lackeys have switched to the stage of acting decisively to change and overthrow the socialist system in our country. The army's task of defending the socialist fatherland now has goals and needs different from those of the past: Defending our independence, sovereignty, and territorial integrity is now closely linked with protecting the party, the socialist system, and the country's political security. Fighting the "peaceful evolution," rioting, and overthrowing becomes an urgent and foremost task and must be combined with actively dealing with other circumstances. Regularizing the army must be based on strengthening its revolutionary nature and unifying and properly carrying out its political task. On the basis of stabilization the organization of peacetime forces, we must study ways to organize forces and be ready to deal with any circumstances. We must study a number of issues in regard to organizing the machinery and work patterns of National Defense Ministry organs, military regions, and provincial commands so as to properly carry out the state management functions in regard to national defense and at the same time to properly carry out the military command task and to achieve a high degree of combat readiness. In the organizing task, we must keep unified viewpoints and deploy people on the basis of the tasks required rather than create positions and set up organizations for them. As to our units, they must step up the efforts to raise the quality of troops, in the direction of making them well-trained and skillful in combat. Not only the special-operations troops but other arms and services must also go in the direction of having few but well-trained troops. We must correctly resolve the problems having to do with training, scientific and industrial research, rear-service and financial work, and materials, and make sure that the work aimed at ensuring technical aspects, ensuring command information, preparing for industrial mobilization, and so on go in the direction of regularizing and further modernizing our army.

3. Regularizing the army must be based on the real situation in order to move foreward steadily.

We are building our army up and stepping up efforts to turn it into a regular army under the conditions of facing the danger of economically lagging behind many countries in the region and in the world due to a poor start, a low and unsteady rate of growth, and also a lack of international military aid, which used to be avaiable, and a limited national defense budget. Many needs for ensuring the building and regularization of our army cannot be satisfied simultaneously and overnight. Basically and in the long term, we must struggle to fully satisfy the goals and needs for regularizing the army; however, as our immediate goal, we must concentrate efforts on resolving the key problems and urgent issues in order to "create a strong combined motivation so as to have some initial changes right away, which serve as momentum for the move toward the regularization of the army." (See footnote 1) In the time to come, we *"concentrate our efforts on raising the level of regularization in terms of military dress, rites, and troops' personal conduct; carrying out in an orderly manner the provisions of our troops' management regulations, first of all the procedures regarding daily activities, combat readiness, military training, and political education; and complying with the procedures dealing with management of weapons and technical equipment."*

The realities in many units have shown that although there very many difficulties remained, the regularizing efforts were being made steadily, without such happenings as "danh trong bo dui" (leaving work unfinished) and "dau voi duoi chuot (big deal but little result), because they had concentrated their efforts in the right direction and had determined appropriate steps to take.

4. Regularization must be carried out in a synchronized manner, first of all in the organs above the ministerial level and by high-ranking cadres and party organizations.

Like other tasks, the task of building the regularizing efforts must be carried out in a synchronized manner in order to generate a combined force and to achieve the goals and needs that have been set. However, in order to give our troops a foundation for doing their work well, the superior echelons must prepare and act ahead of them. This means that they must study, draft anew, or enlarge the legal documents (regulations, statutes, procedures, provisions, and so on) to allow the military personnel as a whole to carry them out and to take unified action. As to the documents that go beyond the powers of the National Defense Ministry, they must study and propose them to the National Assembly, state, and government for promulgation. As an immediate goal, in order to step up regularization, the Standing Committee of the Central Military Party Committee has asserted: "We must develop the synchronized strength of organs at levels ranging from above the ministerial level and lower in order to carry on the work of preparing for and organizing the work under the direct leadership of the Central Military Party Committee and National Defense Ministry. All must have plans for carrying on the work and having close and smooth coordination, with the staff organs serving as centers of operations and for drafting training plans, and guiding and materializing the goals of regularization in accordance with the intentions and objectives of the Standing Committee of the Central Military Party Committee and National Defense Ministry; with the political organs carrying out the plans for political education and ideological leadership; and with the rear-service and technical organs determining the models and designs of barracks, equipment, warehouses, military dress, and so on." (See footnote 1)

More important the good work done by the superior organs and by high-ranking cadres will be an example for cadres at lower levels and soldiers to follow. We fully agree with Nguyen Anh Tuan of the Da Nang City's military organ as he said, "in order to do a good regularizing job, besides the lower-level units which must score points, the National Defense Ministry organs and military region must organize working to score points in a very strict manner. If commanders do a good job in maintaining the regular stature, organs will do their work in a serious manner; if organs are serious; units will be serious." (Footnote 4) (TAP CHI QUOC PHONG TOAN DAN, Oct 93, p 79.)

The role of party organizations and, first of all, of party committee echelons is very important in the building of regular units. We must strengthen the direct leadership of party committee echelons over this task. "We must consider assuming leadership over the regularization of the army a central task that always prevails in all activities of our units. We must stress the spirit of responsibility, intelligence, abilities, and also the art of leadership; constantly draw on experience; and review realities in order to move our units forward." (See footnote 1)

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